



Wise Talent Information Technology Co., Ltd 有才天下信息技術有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6100



GLOBAL OFFERING

Joint Sponsors

Morgan Stanley J.P.Morgan

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley J.P.Morgan 華泰金融控股(香港)有限公司 HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED UBS

IMPORTANT

If you have doubt about any of the contents in this Prospectus, you should obtain independent professional advice.



Wise Talent Information Technology Co., Ltd

有才天下信息技術有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 88,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Public Offer Shares	: 8,800,000 Shares (subject to reallocation)
Number of International Offer Shares	: 79,200,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$35.50 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: US\$0.0001 per Share
Stock Code	: 6100

Joint Sponsors

Morgan Stanley J.P.Morgan

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley

J.P.Morgan

 華泰金融控股(香港)有限公司
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

 UBS

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and available for inspection" in Appendix V to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Over-allotment Option Grantors) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, June 22, 2018 and, in any event, not later than Wednesday, June 27, 2018.

The Offer Price will be not more than HK\$35.50 and is currently expected to be not less than HK\$28.50 unless otherwise announced. If, for any reason, the Offer Price is not agreed by Wednesday, June 27, 2018 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Over-allotment Option Grantors), the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in the South China Morning Post (in English), Hong Kong Economic Times (in Chinese), and on the websites of the Stock Exchange www.hkexnews.hk and our Company www.liepin.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Public Offer Shares" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this Prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including the risk factors set out in the section headed "Risk Factors" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged, or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

June 19, 2018

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in the South China Morning Post and in Chinese in Hong Kong Economic Times.

Latest time to complete electronic applications under HK eIPO White Form service through the designated website www.hkeipo.hk ⁽²⁾	⁽¹⁾ 11:30 a.m. on Friday, June 22, 2018
Application lists of the Hong Kong Public Offering open ⁽³⁾	11:45 a.m. on Friday, June 22, 2018
Latest time to lodge WHITE and YELLOW Application Forms	12:00 noon on Friday, June 22, 2018
Latest time to give electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, June 22, 2018
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, June 22, 2018
Application lists of the Hong Kong Public Offering close	12:00 noon on Friday, June 22, 2018
Expected Price Determination Date ⁽⁵⁾	Friday, June 22, 2018

(1) Announcement of:

- the Offer Price;
- the level of applications in the Hong Kong Public Offering; and
- an indication of the level of interest in the International Offering;
- the basis of allocation of the Hong Kong Public Offer Shares,

to be published in South China Morning Post (in English), in Hong Kong Economic Times (in Chinese), and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.liepin.com on or before⁽⁶⁾

Thursday, June 28, 2018

- (2) Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at www.hkexnews.hk and our Company's website at www.liepin.com (see the section headed "How to Apply for Hong Kong Public Offer Shares — Publication of Results" in this Prospectus) from

Thursday, June 28, 2018

EXPECTED TIMETABLE

- (3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk⁽⁷⁾ and the Company's website at www.liepin.com⁽⁸⁾ from Thursday, June 28, 2018
- Results of allocations for the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result with a "search by ID" function from .. Thursday, June 28, 2018
- Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁶⁾ Thursday, June 28, 2018
- Despatch/collection of HK eIPO White Form of e-Auto Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on⁽⁹⁾ Thursday, June 28, 2018
- Dealings in Shares on the Stock Exchange to commence on 9:00 a.m. on Friday, June 29, 2018

Notes:

- (1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, June 22, 2018, the application lists will not open on that day. See the section headed "How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this Prospectus.
- (4) Applicants who apply for Hong Kong Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this Prospectus.
- (5) The Price Determination Date is expected to be on or around Friday, June 22, 2018, and, in any event, not later than Wednesday, June 27, 2018. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Over-allotment Option Grantors) by Wednesday, June 27, 2018, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.
- (6) Share certificates are expected to be issued on Thursday, June 28, 2018 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Friday, June 29, 2018. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.
- (7) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the Stock Exchange's website at www.hkexnews.hk, and our Company's website at www.liepin.com.
- (8) None of the websites or any of the information contained on the website forms part of this Prospectus.
- (9) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the initial price per Hong Kong Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund check, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check. Inaccurate completion of your Hong Kong

EXPECTED TIMETABLE

identity card number/passport number may lead to delay in encashment of your refund check or may invalidate your refund check. Further information is set out in the section headed “How to Apply for the Hong Kong Public Offer Shares” in this prospectus.

Applicants who apply through the **HK eIPO White Form** service and paid their application monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund checks, by ordinary post at their own risk.

The above expected timetable is a summary only. You should read carefully the sections headed “Underwriting,” “Structure of the Global Offering” and “How to Apply for Hong Kong Public Offer Shares” in this Prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Public Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund checks and Share certificates.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Public Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Hong Kong Public Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not contained nor made in this Prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

	Page
Expected Timetable	i
Contents	iv
Summary	1
Definitions	18
Glossary of Technical Terms	29
Forward-looking Statements	31
Risk Factors	32
Waivers from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance	69
Information about this Prospectus and the Global Offering	77
Directors and Parties Involved in the Global Offering	81
Corporate Information	85
Industry Overview	87

CONTENTS

	<u>Page</u>
History, Reorganization and Corporate Structure	97
Business	121
Contractual Arrangements	157
Regulations	180
Relationship with Controlling Shareholders	195
Connected Transactions	198
Directors and Senior Management	203
Substantial Shareholders	211
Share Capital	213
Financial Information	215
Future Plans and Use of Proceeds	245
Underwriting	248
Structure of the Global Offering	257
How to Apply for Hong Kong Public Offer Shares	267
Appendix I Accountants' Report	I-1
Appendix II Unaudited Pro Forma Financial Information	II-1
Appendix III Summary of the Constitution of the Company and Cayman Companies Law	III-1
Appendix IV Statutory and General Information	IV-1
Appendix V Documents Delivered to the Registrar of Companies and Available for Inspection	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this Prospectus.

OVERVIEW

Our Mission

We started our company to help every talent achieve greater career success. We strive to personalize talent services at massive scale through technology and innovation, creating a vibrant, trusted ecosystem that maximizes the growth potential and value of every talent, business, headhunter and other talent service provider.

Our Business Model

We operate the largest online talent acquisition services platform in China focused on mid- to high-end talents in terms of total revenue in 2017, connecting approximately 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters as of December 31, 2017. Our platform provides our verified business users with access to a large and growing talent base, a network of headhunters, and a variety of talent acquisition services, allowing them to identify and approach both active job seekers and suitable passive candidates in an effective manner. It also connects registered individual users with career opportunities, enables them to maintain an online professional profile and social network connections and offers them other career services such as CV advisory service.

During the Track Record Period, we generated a substantial portion of our revenues from selling talent acquisition services to our business customers. Such services typically take the forms of (1) subscription-based services such as CV downloading, and (2) transaction-based services, such as *Interview Express* (面試快) and *Onboarding Express* (入職快), which charge fixed rates based on the offered annual salary of a particular job upon the completion of certain hiring milestones. Business customers who purchase service packages from us will be given a fixed amount of our virtual currency which has a 1:1 redemption rate to RMB. The virtual currency can be consumed by our business customers to access both subscription- and transaction-based talent acquisition services via our online platform over the term of the service package. The virtual currency represents prepayments from our business customers and is not refundable. Pricings of our service packages are determined based on the talent acquisition services selected by our business customers and our relationships with them, which typically range from RMB10,000 to RMB40,000 per package and generally have a term of 12 months. We also generated a small portion of our revenues by providing premium membership services and CV advisory services to our registered individual users.

SUMMARY

We rely on our strong brand reputation and a combination of online and offline promotion channels to attract both business users and individual users. With respect to online marketing, we primarily utilize online channels, which consist of search engine marketing and mobile app marketing. To a lesser extent, we engage in offline branding activities including displays of advertisement at major subway stations in major cities in China where there is premium traffic of mid- to high-end professionals. We deploy an experienced sales, service and support team to sell our services to our business customers through a nationwide sales office network. Our sales team primarily identifies and contacts potential business customers from our existing non-paying business users via telephone, personal sales visits and other channels. Individual salespersons are allocated to cover different categories of business customers based on geographic locations, industries and other relevant factors to acquire new business customers. For our existing business customers, we divide our field sales teams among different categories of customer accounts to provide them with additional value-added solutions with a goal to maintain and enhance the overall business relationships with such business customers. See “Business — Marketing and Branding” and “Business — Sales and Support” for additional details on how we attract individual users and acquire business customers, respectively.

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Source of Revenue:						
Talent acquisition services provided to						
business customers	336,383	97.3	578,609	98.6	795,756	96.5
Individual users	9,225	2.7	8,490	1.4	27,243	3.3
Others	—	—	—	—	1,663	0.2
Total	345,608	100.0	587,099	100.0	824,662	100.0

We have introduced integrated online SaaS solution, namely *Liepintong* (獵聘通) to our business customers where they can access via PC and mobile app a variety of basic online talent acquisition services, including job postings, AI-empowered CV search and recommendation for free, and purchase value-added talent acquisition services, such as CV downloading, as well as headhunter-assisted closed-loop hiring solutions such as *Interview Express* (面試快) and *Onboarding Express* (入職快).

For our individual users, we offer a diverse range of online talent services for free, including professional profiles, AI-assisted job recommendations, as well as professional social network and career-related content via our mobile app-based online professional network *Liepin Tongdao* (獵聘同道). We also provide them with fee-based professional career services, such as premium membership services and CV advisory services.

We have experienced significant growth over the Track Record Period. Our total revenue grew from RMB345.6 million in 2015 to RMB587.1 million in 2016 and further to RMB824.7 million in 2017, representing a CAGR of 54.5%. In 2015 and 2016, our (loss)/profit was RMB(230.7) million and RMB(139.7) million, respectively, and our (loss)/profit was RMB7.6 million in 2017. Our profitability improved significantly from 2016 to 2017 primarily due to our improved operating efficiency and leverage, with a decrease in our advertising and promotion expenses from RMB146.7 million in 2016 to RMB69.7 million in 2017. We incurred significant amount of sales and marketing expenses during the Track Record Period. In 2015, 2016 and 2017, our sales and marketing expenses amounted to RMB407.9 million, RMB482.3 million and RMB487.3 million, respectively. See “Risk Factors — Risks Relating to Our Business and Industry — If we are unable to conduct sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.” Excluding the impact of share-based compensation, we had an adjusted (loss)/profit of RMB(222.4) million in 2015, compared to an adjusted (loss)/profit of RMB(128.5) million in 2016, and we had an adjusted (loss)/profit of RMB16.7 million in 2017. See “Non-IFRS Measure” in this prospectus for a discussion of reconciliation of our non-IFRS measure.

SUMMARY

Our Customers and Suppliers

Our customers are predominantly business users, from whom we derive substantially all of our revenues by providing our talent acquisition services, primarily in the forms of (1) customized subscription packages charging different fixed rates, such as CV downloading, and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon the completion of certain hiring milestones, such as *Interview Express* (面試快) and *Onboarding Express* (入職快). In 2017, all of our business customers had used our subscription-based talent acquisition services, and a majority of our business customers had used our transaction-based talent acquisition services.

Such business customers mainly include multinational corporations, small and medium-sized enterprises and state-owned entities spanning across a wide range of industries. We have a broad base of business customers, and we do not have any customer concentration risks. Our top five customers in the aggregate accounted for less than 5% of our total revenue for each of the years ended December 31, 2015, 2016 and 2017. See “Business — Customers” for more information about our relationships with our business customers.

Our suppliers primarily include (i) advertising service providers, (ii) headhunters and other talent service providers who serve our individual and business users and receive service fees from us, and (iii) server hosting and bandwidth providers. We do not have any supplier concentration risks. Our top five suppliers accounted for 12.2%, 12.1% and 6.1% of our total cost of revenue and operating expenses for each of the years ended December 31, 2015, 2016 and 2017, respectively. Our largest supplier, who was an advertising service provider, accounted for approximately 4.3%, 4.0% and 2.2% of our total cost of revenue and operating expenses for each of the years ended December 31, 2015, 2016 and 2017, respectively. See “Business — Suppliers” for more information about our relationships with our major suppliers.

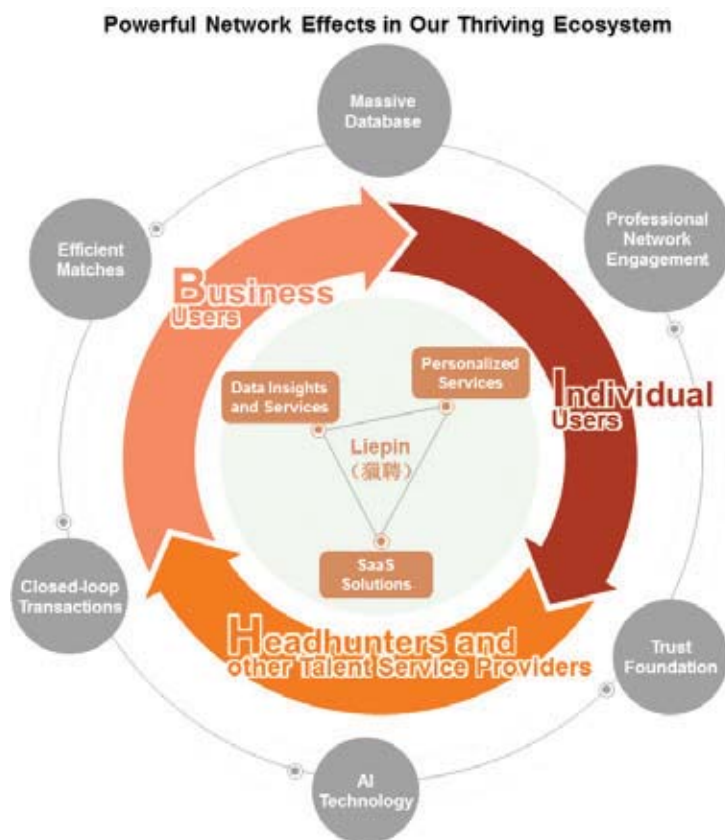
Our Ecosystem and Its Participants

We are building an ecosystem around our platform with our individual and business users, headhunters and other talent service providers.

Our massive data, advanced technology and engaging user community stimulate the organic growth of our ecosystem. Our platform smartly collects, processes and analyzes a vast and growing amount of rich and up-to-date data of our ecosystem participants. We also pride ourselves in our strong capability of combining our multi-dimensional database with industry-leading AI technology to enable our AI-powered product offerings, delivering more accurate and personalized matching and recommendations. To further enhance the continued engagement of our users, we also foster a vibrant online professional social network empowered by a variety of functions and tools.

SUMMARY

The following diagram illustrates the powerful network effects and user interactions in our ecosystem.



As a result of the powerful network effects among the various participants on our platform, our ecosystem generates an organic momentum that fuels its continuous growth. In a nutshell, talents are attracted to our platform to connect to more career opportunities while more business users are attracted to us to access our massive and growing talent base and comprehensive talent services provided by headhunters and other talent service providers. As we attract more individual and business users, more headhunters and service providers join our platform to reach more customers. Headhunters serve as a crucial nexus between talents and business customers, as they take advantage of our platform to connect our individual users with career opportunities, provide closed-loop talent acquisition services to business customers, matching them with suitable talents, and facilitate the entire hiring process. Benefitting from services provided by more high-quality headhunters and service providers, our individual and business user bases continue to increase organically. The total number of our registered individual users grew from approximately 25.0 million as of December 31, 2015 to 38.9 million as of December 31, 2017, representing a CAGR of 24.8%. The total number of our verified business users grew from 75,088 as of December 31, 2015 to 248,600 as of December 31, 2017, representing a CAGR of 82.0%. The total number of our verified headhunters grew from 62,392 as of December 31, 2015 to 101,840 as of December 31, 2017, representing a CAGR of 27.8%.

OUR INDUSTRY AND OPPORTUNITIES

Talent acquisition services in China primarily refer to talent acquisition solutions addressing businesses' hiring demands, including headhunting and executive search, RPO, online recruitment related services, and campus recruitment services. The talent acquisition services market in China can be generally divided into two market segments based on talents' annual salary, with one covering mid- to high-end talents who have an average annual salary of at least RMB100,000 and the other serving talents with an average annual salary of RMB100,000 or less. Driven by China's economic structural shift and talent upgrade, the market size of the mid-

SUMMARY

to high-end talent acquisition services market in China in terms of total revenue reached approximately RMB96.7 billion in 2017 and is expected to continue to grow to reach approximately RMB243.3 billion in 2022, representing a CAGR of 20.3%, outpacing the CAGR of 18.7% of the growth of the market segment of talents with an average annual salary of less than RMB100,000 during the same period. In 2017, the total revenue generated from mid- to high-end talent acquisition services accounted for approximately 85.4% of the total revenue from the entire PRC talent acquisition services market. We are the leader in the mid- to high-end talent acquisition services market in China with a market share of approximately 0.85% in terms of revenue in 2017. In terms of the online talent acquisition services market which also includes job boards focused on talents with an average annual salary of less than RMB100,000, we had a market share of approximately 8.1% in terms of revenue in 2017.

As a result, the demand for talent has become phenomenal, and the process of attracting, identifying, hiring and retaining suitable talent for businesses is excruciating. The intense competition for talent requires businesses to move away from oversaturated and ineffective job boards to seek customized talent solutions that can match them with the most suitable candidates among both active and passive job candidates at scale. Moreover, businesses historically underserved by traditional talent service providers have been seeking end-to-end talent solutions throughout the entire hiring process, from automated talent matching to validating candidate information, from engaging with accredited headhunters to background checking and onboarding new hires.

Talent in China is becoming more sophisticated, competitive and social than ever before. While the total population of mid- to high-end talents continues to grow fast, most experienced professionals remain as passive job candidates who are disconnected with career opportunities. This unmet demand has led to the emergence and growing popularity of technology-driven talent acquisition services. Such services allow job candidates to create, maintain and share a rich and dynamic talent graph that appeals to the most relevant employers throughout their career lifecycles. Furthermore, the rapidly evolving business environment has been motivating talents to reinvigorate their career skills, underscoring a rising need for professional career services beyond recruiting.

The talent acquisition services market in China for mid- to high-end talents is under developed and fragmented and requires effective customized and end-to-end services to meet the growing demands of both talent and businesses. In 2017, the top ten talent acquisition service providers only accounted for approximately 0.8% market share in aggregate in terms of total revenue, according to CIC. We believe we are well positioned to capture this tremendous opportunity by building an interactive ecosystem that benefits various participants including talent, businesses, headhunters and other talent service providers.

OUR COMPETITIVE STRENGTHS

Our business model distinguishes ourselves from other players in the PRC talent acquisition services market as it allows us to disrupt the traditional offline headhunting, online job board and professional social networking models by connecting talents and businesses through a network of headhunters at scale. Particularly, our data and technology capabilities allow us to provide accurate matching results for our individual and business users, significantly alleviating the information asymmetry between traditional offline recruiting firms and their customers. We help our registered individual users create and maintain a dynamic professional profile that reflects one's behaviors, social interactions and prior job history, none of which can be discerned from a traditional CV collected by offline recruiting firms or posted on an online job board. Our various social functions enable our individual users to interact more immediately and closely than was possible offline. We focus on serving mid- to high-end talents with an average annual salary of more than RMB100,000, compared to online job boards that are primarily focused on entry-level talents with an average annual salary of less than RMB100,000. In addition, we leverage our network of headhunters to assist business customers in identifying suitable passive job seekers who are largely underserved by online job boards. Moreover, our services are fundamentally different from professional social networking platforms which mainly focus on advertising, membership and marketing services and only generate a small portion of their revenues from providing talent acquisition services. See "Industry Overview—Overview of the PRC Talent Acquisition Services Market" for a more detailed discussion of the industry background of the PRC talent acquisition services market and the key attributes of the different types of players.

SUMMARY

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- Industry pioneer with innovative business model and trusted brand
- Leading scale with powerful network effects
- Unique talent service platform facilitating closed-loop transactions to support monetization
- Credible, dynamic, relevant and comprehensive talent graph with increasing data value
- Proprietary technology with strong AI capability
- Visionary, experienced and dedicated management

For detailed discussion of these competitive strengths, see the section headed “Business — Our Strengths” in this prospectus.

OUR STRATEGIES

To achieve our mission and further solidify our leadership, we intend to pursue the following strategies:

- Grow talent base and enhance user experience to maximize their long-term value;
- Expand business customer base and broaden product offerings to increase monetization;
- Introduce more partners to provide more closed-loop services;
- Continue technology innovations and strengthen our AI and data capabilities;
- Further enhance our brand equity as a leading talent services platform; and
- Selectively pursue strategic transactions to tap into other related markets.

For detailed discussion of these competitive strengths, see the section headed “Business — Our Strategies” in this prospectus.

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed “Risk Factors” in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- If we fail to improve our user experience or respond to changes in user preferences, we may not be able to attract and retain individual and business users, which may have a material adverse effect on our business, financial condition and results of operations;

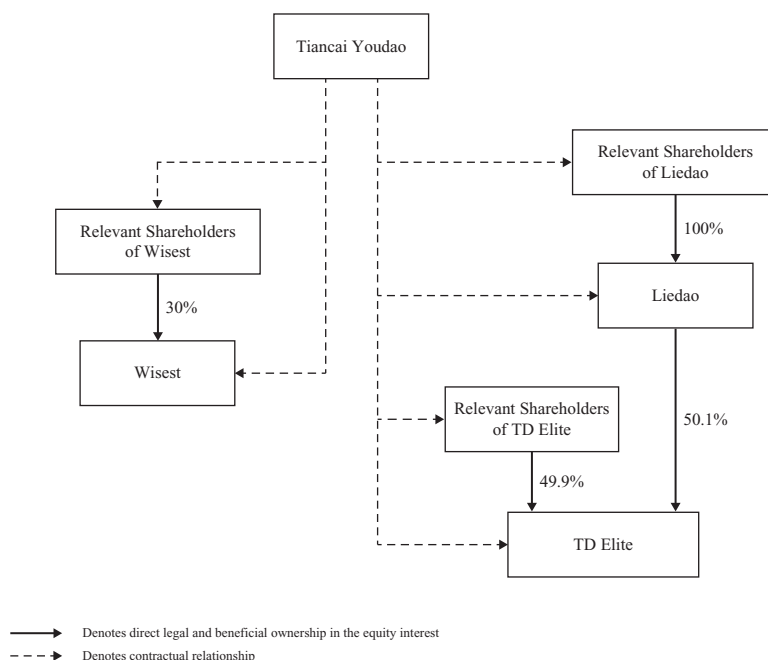
SUMMARY

- Our failure to respond in a timely and cost effective manner to rapid product and service innovations may have an adverse effect on our business and operating results;
- New products and services may subject us to additional risks;
- If we fail to keep up with technological advancements or adopt new technologies timely in response to user demands, our business and operating results may be materially and adversely affected;
- Concerns about our collection and use of personal data and other privacy-related matters could damage our reputation and deter our users from using our services;
- We may not be successful in executing initiatives to practices or otherwise in implementing our growth strategies;
- We face significant competition and may suffer from a loss of individual and business users as a result;
- Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our user and customer base, or our ability to increase their level of engagement;
- Our employees, headhunters and third-party service providers may engage in intentional or negligent misconduct or other improper activities or misuse our platform, which could harm our brand and reputation; and
- If our security measures are compromised, or if our online platform is subject to attacks that degrade or deny the ability of individual users, business users and headhunters to access our talent services, our users may curtail or stop use of our services.

SUMMARY

CONTRACTUAL ARRANGEMENTS

We primarily operate an online talent services platform. The operation of our website, mobile app, as well as the provision of online information services and the provision of offline hiring outsourcing services are subject to foreign investment restrictions under current PRC laws and regulations. As a result, after consultation with our PRC Legal Advisor, we determined that it was not viable for our Group to directly hold more than 70% equity ownership in Wisest, or any equity ownership in either of TD Elite or Liedao. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the business currently operated by each of Wisest, TD Elite and Liedao through the Contractual Arrangements between Tiancai Youdao (Tianjin) Information Technology Co., Limited (天才有道(天津)信息技术有限公司), an indirect wholly-owned subsidiary of our Company established in the PRC, on the one hand, and each of Wisest, TD Elite and Liedao and the Relevant Shareholders, on the other hand. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group as stipulated under the Contractual Arrangements:



For the risks relating to the Contractual Arrangements, see the sub-section headed “*Risk Factors — Risks Relating to Our Contractual Arrangements*” in this Prospectus.

The MOFCOM published the Draft Foreign Investment Law in January 2015 for public review and comments aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. While the MOFCOM solicited comments on this draft in early 2015, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. Among other things, the Draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign invested enterprise or a foreign invested entity or “FIE”. The Draft Foreign Investment Law specifically provides that entities established in China but “controlled” by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM, treated as a PRC domestic investor, provided that the entity is “controlled” by PRC entities and/or citizens. In view of the shareholding structure of our Company, we may not be able to fall clearly within the definition of

SUMMARY

“control” under the Draft Foreign Investment Law in its current form. It is therefore uncertain that we could demonstrate that we are ultimately “controlled” by PRC entities and/or citizens if the Draft Foreign Investment Law is enacted in its current form. Furthermore, if the Draft Foreign Investment Law and the final “catalog of special administrative measures” mandate further actions, such as the MOFCOM market entry clearance, to be completed by companies with an existing VIE structure like us, we would face uncertainties as to whether such clearance can be timely obtained, or at all. Our Contractual Arrangements, in a worst case scenario, may be regarded as invalid and illegal, and the Stock Exchange may consider us to be no longer suitable for listing on the Stock Exchange and delist our Shares. For further details, see the paragraph headed “*Risk Factors — Risks Relating to Our Contractual Arrangements — Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations*” in this Prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Global Offering, Mr. Dai (through May Flower) will control the voting rights in respect of approximately 58.64% of our issued Shares (regardless of whether the Over-allotment Option is exercised and assuming the options granted under the Pre-IPO Share Option Scheme are not exercised) through certain voting agreements as described in the section headed “History, Reorganization and Corporate Structure — Voting Agreements”. Therefore each of Mr. Dai and May Flower will constitute a Controlling Shareholder of our Company.

Save as disclosed in the section headed “Relationship with our Controlling Shareholders” in this document, there is no competition between the business of our Controlling Shareholders (other than their interests in our Group) and our business. Our Directors believe that we are capable of carrying out our business independently of our Controlling Shareholders and their close associates.

OUR PRE-IPO INVESTMENTS

We have conducted five rounds of Pre-IPO Investments before our Reorganization. As part of the Reorganization, we restructured the five rounds of Pre-IPO Investments into Convertible Preferred Shares issued by our Company. For further details, see the sub-sections headed “Pre-IPO Investments” and “Corporate Restructuring” in the section headed “History, Reorganization and Corporate Structure” of this Prospectus.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our combined financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary combined financial data set forth below should be read together with, and is qualified in its entirety by reference to, the combined financial statements in this prospectus, including the related notes. Our combined financial information was prepared in accordance with IFRS.

COMBINED STATEMENTS OF PROFIT OR LOSS

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Revenue	345,608	100.0	587,099	100.0	824,662	100.0
Cost of revenue	(49,267)	(14.3)	(90,803)	(15.5)	(131,685)	(16.0)
Gross profit	296,341	85.7	496,296	84.5	692,977	84.0
Operating expenses	(536,682)	(155.3)	(649,290)	(110.5)	(673,064)	(81.6)
Sales and marketing expenses ⁽¹⁾	(407,947)	(118.0)	(482,290)	(82.1)	(487,274)	(59.1)
Research and development expenses ⁽¹⁾	(66,400)	(19.3)	(86,390)	(14.7)	(91,920)	(11.1)
General and administrative expenses ⁽¹⁾	(62,335)	(18.0)	(80,610)	(13.7)	(93,870)	(11.4)
Other income	1,595	0.5	9,086	1.5	6,448	0.8
(Loss)/profit from operations	(238,746)	(69.1)	(143,908)	(24.5)	26,361	3.2
Net finance income / (cost).....	8,030	2.3	4,180	0.7	(18,810)	(2.3)
(Loss)/profit before taxation	(230,716)	(66.8)	(139,728)	(23.8)	7,551	0.9
Income tax.....	—	—	—	—	—	—
(Loss)/profit for the year	(230,716)	(66.8)	(139,728)	(23.8)	7,551	0.9
Adjusted (loss)/profit (unaudited)⁽²⁾	(222,401)	(64.4)	(128,482)	(21.9)	16,666	2.0

Notes:

(1) Share-based compensation was allocated as follows:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Sales and marketing expenses.....	1,017	12.2	3,603	32.0	3,691	40.5
Research and development expenses.....	1,353	16.3	4,130	36.7	4,130	45.3
General and administrative expenses.....	5,945	71.5	3,513	31.3	1,294	14.2
Total share-based compensation	8,315	100.0	11,246	100.0	9,115	100.0

(2) We define adjusted (loss)/profit as (loss)/profit for the year adjusted by adding back share-based compensation. Adjusted (loss)/profit is not a measure required by, or presented in accordance with, IFRS. The use of such a measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

NON-IFRS MEASURE

To supplement our combined financial statements which are presented in accordance with IFRS, we also use a non-IFRS measure, namely adjusted (loss)/profit, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and from company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance.

SUMMARY

Our non-IFRS measure excludes share-based compensation from operating expenses as we do not consider such expenses to be indicative of our profit/(loss) from operations from a cash perspective. Share-based compensation has been and will continue to be, for the foreseeable future, a significant recurring non-cash expense included in our operating expenses. We do not exclude other non-cash item, such as gain/(loss) on fair value changes of convertible loan, as all such loans had been fully converted to shares in 2016 and 2017, and the loss on fair value changes of convertible loan was only RMB1.5 million for the year ended December 31, 2017. Our management uses this non-IFRS measure in assessing our historical performance internally, and planning and forecasting our performance in future periods. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management does. However, our presentation of the adjusted (loss)/profit may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted (loss)/profit for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is (loss)/profit for the year:

	For the Year Ended December 31,		
	2015	2016	2017
	(in RMB '000)		
Reconciliation of (loss)/profit for the year to adjusted (loss)/profit			
(Loss)/profit for the year	(230,716)	(139,728)	7,551
Add:			
Share-based compensation	<u>8,315</u>	<u>11,246</u>	<u>9,115</u>
Adjusted (loss)/profit	<u>(222,401)</u>	<u>(128,482)</u>	<u>16,666</u>

SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Total current assets	250,313	688,144	872,536
Total current liabilities	499,863	709,591	554,009
Net current assets/(liabilities)	(249,550)	(21,447)	318,527
Total non-current assets	70,480	85,533	69,875
Total assets	320,793	773,677	942,411
Total liabilities	499,863	709,591	554,009
Net assets/(liabilities)	(179,070)	64,086	388,402
Share capital	1,000	2,375	31,785
Reserves	(180,070)	61,760	352,800
Equity attributable to the equity holders of the Company	(179,070)	64,135	384,585
Minority interests	—	(49)	3,817
Total equity	(179,070)	64,086	388,402
Total liabilities and equity	320,793	773,677	942,411

SUMMARY

COMBINED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,		
	2015	2016	2017
	(in RMB '000)		
Net cash (used in)/generated from operating activities	(80,423)	(62,039)	190,978
Net cash used in investing activities	(145,168)	(384,216)	(9,705)
Net cash generated from/(used in) financing activities	260,114	483,173	(57,325)
Net increase/(decrease) in cash and cash equivalents	34,523	36,918	123,948
Effect of foreign exchange rate changes	—	170	(1,589)
Cash and cash equivalents at the beginning of the year	57,375	91,898	128,986
Cash and cash equivalents at the end of the year	<u>91,898</u>	<u>128,986</u>	<u>251,345</u>

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	For the year ended December 31,		
	2015	2016	2017
Total revenue growth (%)	N/A	69.9	40.5
Gross margin ⁽¹⁾ (%)	85.7	84.5	84.0
Net margin ⁽²⁾ (%)	(66.8)	(23.8)	0.9
Adjusted net margin ⁽³⁾ (%)	(64.4)	(21.9)	2.0

Notes:

- (1) Gross margin equals gross profit divided by revenues for the year and multiplied by 100%.
- (2) Net margin equals (loss)/profit divided by revenues for the year and multiplied by 100%.
- (3) Adjusted net margin equals adjusted (loss)/profit for the year divided by revenue for the year and multiplied by 100%. For the reconciliation from (loss)/profit to adjusted (loss)/profit, please refer to the paragraphs headed “Non-IFRS Measure.”

KEY OPERATING METRICS

	As of December 31,		
	2015	2016	2017
Individual Users			
Number of registered individual users (in millions)	25.0	32.7	38.9
Number of individual paying users	60,198	66,651	89,606
Average annual salary of registered individual users (in RMB)	126,346	131,404	144,286
Number of CVs (in millions)	25.0	32.7	38.9
Business Users and Customers			
Number of verified business users	75,088	160,399	248,600
Number of business customers	20,141	30,957	39,887
Number of job postings (in millions)	1.2	2.2	2.5
Headhunters			
Number of verified headhunters	62,392	82,545	101,840
Number of contacts with registered individual users by our verified headhunters (in millions)	127.2	215.5	482.1

Please refer to “Glossary of Technical Terms” in this prospectus for the definition of such metrics.

SUMMARY

NET LOSSES, NEGATIVE NET OPERATING CASH FLOW, NET LIABILITIES AND WORKING CAPITAL SUFFICIENCY

We were loss-making in 2015 and 2016 before we achieved profitability in 2017. In 2015 and 2016, our (loss)/profit was RMB(230.7) million and RMB(139.7) million, respectively, and our (loss)/profit was RMB7.6 million in 2017. Excluding the impact of share-based compensation, we had an adjusted (loss)/profit of RMB(222.4) million in 2015, compared to an adjusted (loss)/profit of RMB(128.5) million in 2016, and we had an adjusted (loss)/profit of RMB16.7 million in 2017. See “Non-IFRS Measure” in this prospectus for a discussion of reconciliation of our non-IFRS measure. In the past, we have incurred significant net losses as we were still at an early stage of monetization and incurred significant sales and marketing as well as R&D expenses to expand and sell our services and products. As a result, during the Track Record Period, we had negative operating cash flow, with outflows of RMB80.4 million and RMB62.0 million for the years ended December 31, 2015 and 2016, respectively, and positive cash inflow from operating activities of RMB191.0 million in 2017. The fluctuations of our operating cash flows largely corresponded to the changes in our losses and profits during the Track Record Period, which were primarily due to cash outflows from operating activities associated with our expanded sales and marketing and R&D efforts during such periods. During the Track Record Period, a substantial majority of our total current liabilities were in the form of (1) deferred revenue for our subscription service packages sold to our business customers purchasing our talent acquisition services, and (2) convertible loans from our investors, all of which were later converted into shares by the end of 2017. As a result, we had negative working capital (defined as total current assets deducted by total current liabilities) of RMB249.6 million and RMB21.4 million as of December 31, 2015 and 2016, respectively, and a positive working capital balance as of December 31, 2017. For the same reason, we had net liabilities of RMB179.1 million as of December 31, 2015. For further information, see “Financial information — Liquidity and Capital Resources.” Taking into account expected cash from operating activities and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2017, being RMB824.7 million (equivalent to approximately HK\$1,022.9 million), which is over HK\$500.0 million, and our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK\$4.0 billion.

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on, among other things, the availability of dividends received from our subsidiaries, our earnings, capital and investment requirements, level of indebtedness, and other factors that our Board deems relevant. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. As of December 31, 2015, 2016 and 2017, no dividends have been paid or declared by us. We do not have a fixed dividend payout ratio. We have no dividend policy and currently do not intend to adopt a policy for future dividend payments.

SUMMARY

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 8,800,000 Offer Shares (subject to reallocation) in Hong Kong as described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus; and
- (ii) the International Offering of an aggregate of initially 79,200,000 Shares (subject to reallocation and the Over-allotment Option), (a) in the United States to QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S (including to professional and institutional investors in Hong Kong).

The Offer Shares will represent approximately 17.76% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised.

We seek to conduct the Global Offering and list our shares on the Stock Exchange as we wish to (i) further enhance our company profile and reputation amongst our business customers and individual users to drive our customer/user acquisition and engagement, (ii) directly access Hong Kong’s global capital markets platform and international and China-focused investor base to further diversify our future financing sources to support our long-term growth, (iii) strengthen our corporate governance and financial transparency to allow our investors to better appraise and assess the performance and potential of our company. In addition, our shareholders and the Board have selected the Stock Exchange for listing of our shares because of the Stock Exchange’s modern and transparent regulatory regime and prudent policies supporting new-economy companies.

RECENT DEVELOPMENTS

Our revenue for the three months ended March 31, 2018 was RMB253.9 million, compared to RMB151.7 million in the same period of 2017. The 67.4% increase was mainly attributable to (1) the greater number of business customers we maintained and acquired during this period, and (2) increased spending by our business customers which was attributable to their enhanced level of engagement with us. As a result of our improved operating efficiency, our loss from operations decreased from RMB26.1 million in the first quarter of 2017 to RMB3,000 in the same period of 2018.

As our brand reputation continues to strengthen, our number of registered individual users increased to approximately 41.2 million as of March 31, 2018 from approximately 38.9 million as of December 31, 2017. Our number of verified business users increased from 248,600 as of December 31, 2017 to 273,731 as of March 31, 2018. Our number of business customers increased from 39,887 as of December 31, 2017 to 44,120 as of March 31, 2018. Our number of verified headhunters increased from 101,840 as of December 31, 2017 to 108,218 as of March 31, 2018.

The financial information of the Group as of and for the three months ended March 31, 2018 disclosed above is derived from the Company’s unaudited interim financial statements as of and for the three months ended March 31, 2018, which have been reviewed by our reporting accountants in accordance with the Hong Kong Standard of Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

Our Directors confirm that there have been no material adverse changes in our business, financial or operational positions or prospects since December 31, 2017, being the date of our combined financial statements as set out in the Accountants’ Report in Appendix I to this document, and up to the date of this prospectus.

SUMMARY

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 88,000,000 Shares are issued pursuant to the Global Offering (assuming no exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme); and (ii) 495,559,464 Shares are issued and outstanding following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme).

	<u>Based on an Offer Price of HK\$28.50</u>	<u>Based on an Offer Price of HK\$35.50</u>
Market capitalization of our Shares ⁽¹⁾	HK\$14,123 million	HK\$17,592 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$5.54 (RMB4.53)	HK\$6.75 (RMB5.52)

Notes:

- (1) The calculation of market capitalization is based on 495,559,464 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted net tangible asset per Share as at December 31, 2017 is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 495,559,464 Shares are expected to be in issue immediately upon completion of the Global Offering.

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus.

LISTING EXPENSES

Based on the mid-point Offer Price of HK\$32.00, the total listing expenses (including underwriting commissions) payable by our Company are estimated to be approximately RMB109.74 million, assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$32.00 per Offer Share (being the mid-point of our Offer Price range of HK\$28.50 to HK\$35.50 per Offer Share). These listing expenses mainly comprise professional fees paid and payable to the professional parties, and commissions payable to the Underwriters, for their services rendered in relation to the Listing and the Global Offering.

As of December 31, 2017, the listing expenses (excluding underwriting commissions) incurred by our Company in relation to the Listing was nil. We estimate that listing expenses of RMB109.74 million (including underwriting commissions of RMB68.41 million, assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$32.00 per Offer Share) will be incurred by our Company, of which approximately RMB34.72 million is expected to be charged to our combined statements of profit or loss and other comprehensive income and approximately RMB75.02 million is expected to be charged against equity upon the Listing.

SUMMARY

USE OF PROCEEDS

Assuming an Offer Price of HK\$32.00 per share, being the mid-point of the Offer Price range stated in the prospectus, we estimate that we will receive net proceeds from the Global Offering of approximately HK\$2,681.78 million after deduction of underwriting fees and other estimated expenses in connection with the Global Offering. We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

Amount of the estimated net proceeds	Intended use of net proceeds
<ul style="list-style-type: none"> • Approximately 40%, or HK\$1,072.71 million 	further enhance our R&D capabilities and product offerings, including but not limited to:

Allocation of net proceeds	R&D and product development projects	Expected timeframe
10% of the estimated net proceeds	To further improve (i) the accuracy and relevance of our job/candidate matching and recommendations and (ii) other career-related content recommendation and professional social network functions for our individual users, all of which will primarily be implemented through hiring additional employees specialized in AI and data technologies to improve our existing matching algorithm	To be gradually carried out over the next 12 to 24 months
10% of the estimated net proceeds	To develop our AI-empowered voice and facial expression recognition / cognitive assessment technology to introduce smart robots to interview potential job candidates, which, if successfully developed, will further improve our service quality and efficiency	To launch new functions in the next 12 to 18 months
10% of the estimated net proceeds	To further explore and develop online corporate training and HR management services to diversify our service offerings to our business customers to continue drive monetization	To introduce new service offerings in the next 18 to 24 months
10% of the estimated net proceeds	To recruit qualified engineers to further optimize our own IT infrastructure on an ongoing basis to further improve the efficiency and security of our operating system	To be gradually carried out over the next two to three years

During the Track Record Period and up to the Latest Practicable Date, we had not yet incurred any material expenses in connection with these new R&D initiatives due to our limited capital resources and significant investment made to expand our user base, product offerings and operating scale. Going forward, we believe that the net proceeds received from the Global Offering will provide us with sufficient funding to carry out our R&D initiatives to improve our service quality and maintain our leadership.

Amount of the estimated net proceeds	Intended use of net proceeds
<ul style="list-style-type: none"> • Approximately 25%, or HK\$670.44 million 	selectively pursue acquisitions of or investments in assets and businesses which are complementary to our business and support our growth strategies, such as: (i) businesses that possess cutting-edge

SUMMARY

Amount of the estimated net proceeds

- Approximately 25%, or HK\$670.44 million

Intended use of net proceeds

technologies such as AI and big data analytics; and (ii) businesses with proven monetization models in providing online talent acquisition solutions. As of the date of this prospectus, we have not yet identified any specific target or engaged in any transactions relating to a potential acquisition or investment.

continue to improve and implement our sales and marketing initiatives to (i) expand our user and customer base and increase spending by our existing customers, including prudent expansion of our sales force to retain our fast-growing existing customer base, and to acquire new business customers by further penetrating into cities where we already have a presence including major cities in the Yangtze River Delta and Greater Pearl River Delta regions and expanding our coverage to cover more populous cities such as Nanchang, Hefei, Jinan and Changsha and investment in their training and development, and (ii) to a lesser extent, continued optimization of our online advertising and promotion activities to provide more targeted and accurate marketing through developing and deploying technology.

- Approximately 10%, or HK\$268.18 million

working capital and general corporate purposes.

For further details, see the section headed “Future Plans and Use of Proceeds”.

In the event that we receive net proceeds from the Global Offering higher or lower than the estimated amount stated above, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro rata basis.

If the Over-allotment Option is exercised in full by the Joint Global Coordinators, the Over-allotment Option Grantors will receive net proceeds of approximately HK\$408.67 million for 13,200,000 Shares to be sold and transferred upon the full exercise of the Over-allotment Option, based on the Offer Price of HK\$32.00 per Share, being the mid-point of the proposed Offer Price range, and after deducting the underwriting fees and commissions payable by the Over-allotment Option Grantors.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Prospectus.

“%”	per cent
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) or GREEN Application Form(s), individually or collectively, as the context so requires, which is used in relation to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on June 9, 2018 with effect from the Listing Date, as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Companies Law” in Appendix III to this Prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Audited Financial Statements”	the audited combined financial statements of our Group for the financial years ended December 31, 2015, 2016 and 2017 as included in the section headed “Accountants’ Report” in Appendix I to this Prospectus
“Board”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Cayman Registrar”	the Registrar of Companies of the Cayman Islands
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	People’s Republic of China, except where the context requires otherwise and only for the purposes of this Prospectus, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“CIC”	China Insights Consultancy Limited
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Wise Talent Information Technology Co., Ltd, an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2018
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	entities that we control through the Contractual Arrangements which comprise Wisest, TD Elite and Liedao
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by the Tiancai Youdao with Wisest, TD Elite and Liedao and the Relevant Shareholders (as applicable), details of which are described in the section headed “Contractual Arrangements” in this Prospectus
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Dai and May Flower. See the section headed “Relationship with Controlling Shareholders” in this Prospectus
“Convertible Preferred Shares”	the Series A-1 Convertible Preferred Shares, Series A-2 Convertible Preferred Shares, and Series A-3 Convertible Preferred Shares, which are issued to the Pre-IPO Investors as part of the Reorganization to reflect their previous investments in Wisest at the level of our Company as described in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“Director(s)”	the director(s) of our Company
“Former Holdco”	WISEST Information Technology Co., Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 8, 2010 and the former holding company of our Group
“GDP”	Gross Domestic Product
“Giant Lilly”	Giant Lilly Investment Ltd, a limited liability company incorporated under the laws of the Republic of Mauritius on March 23, 2015, and one of the Over-allotment Option Grantors
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and PRC Operating Entities, such subsidiaries and PRC Operating Entities as if they were subsidiaries of our Company at the relevant time
“HK eIPO White Form”	the application for Hong Kong Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the HK eIPO White Form at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company or specified on the designated website www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Public Offer Shares”	the 8,800,000 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus)

DEFINITIONS

“Hong Kong Public Offering”	the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this Prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this Prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	Code on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated June 15, 2018, relating to the Hong Kong Public Offering, entered into among the Joint Sponsors, the Joint Global Coordinators, the Hong Kong Underwriters, our Company, Mr. Dai and May Flower, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering” in this Prospectus
“Huatai”	Huatai Financial Holdings (Hong Kong) Limited
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“ICP”	Internet content provider
“ICP License”	Value-added Telecommunications Services Operating Permit for Internet information services
“IFRS”	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the IASB
“Independent Third Party” or “Independent Third Parties”	any entity or person who is not a connected person of our Company or an associate of any such person within the meaning ascribed thereto under the Listing Rules
“International Offer Shares”	the 79,200,000 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be sold by the Over-allotment Option Grantors, pursuant to any exercise of the Over-allotment Option, subject to adjustment and reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus

DEFINITIONS

“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this Prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Over-allotment Option Grantors, the Joint Global Coordinators and the International Underwriters on or about June 22, 2018, as further described in the section headed “Underwriting — Hong Kong Public Offering — The International Offering” in this Prospectus
“J.P. Morgan”	J.P. Morgan Securities (Far East) Limited
“Joint Bookrunners”	Morgan Stanley Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited, Huatai Financial Holdings (Hong Kong) Limited and UBS AG Hong Kong Branch, in relation to the Hong Kong Public Offering; and Morgan Stanley & Co. International plc, J.P. Morgan Securities plc, Huatai Financial Holdings (Hong Kong) Limited and UBS AG Hong Kong Branch, in relation to the International Offering
“Joint Global Coordinators”	Morgan Stanley Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited, Huatai Financial Holdings (Hong Kong) Limited and UBS AG Hong Kong Branch
“Joint Lead Managers”	Morgan Stanley Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited, Huatai Financial Holdings (Hong Kong) Limited and UBS AG Hong Kong Branch, in relation to the Hong Kong Public Offering; Morgan Stanley & Co. International plc, J.P. Morgan Securities plc, Huatai Financial Holdings (Hong Kong) Limited and UBS AG Hong Kong Branch, in relation to the International Offering
“Joint Sponsors”	Morgan Stanley and J.P. Morgan
“Latest Practicable Date”	June 11, 2018, being the latest practicable date for ascertaining certain information in this Prospectus before its publication
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions

DEFINITIONS

“Liedao”	Liedao Information Technology Co., Ltd. (獵道信息技術有限公司), a limited liability company established in Tianjin, the PRC on April 25, 2014, owned as to 99% by Mr. Dai and 1% by Mr. Chen, one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about June 29, 2018, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Matrix Partners China I”	Matrix Partners China I, L.P., an exempted limited partnerships organized and existing under the Laws of the Cayman Islands and established on December 31, 2007, and one of the Over-allotment Option Grantors
“May Flower”	May Flower Information Technology Co., Limited, a limited liability company incorporated under the laws of the British Virgin Islands on November 23, 2017, which is wholly-owned by Mr. Dai and is one of our Controlling Shareholders
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on June 9, 2018, with effect from the Listing Date, as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Companies Law” in Appendix III to this Prospectus
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHRSS”	Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)
“Morgan Stanley”	Morgan Stanley Asia Limited
“MoSeeker”	MoSeeker Inc., a company incorporated under the laws of the Cayman Islands on August 4, 2015

DEFINITIONS

“MoSeeker Subscription Agreement”	the subscription agreement to be entered into between, among others, the Company and MoSeeker in connection with the acquisition by the Company of certain preferred shares to be issued by MoSeeker Inc.
“Mr. Chen” or “Mr. Chen Xingmao”	Mr. Chen Xingmao (陳興茂), one of our founders, an executive Director
“Mr. Dai” or “Mr. Dai Kebin”	Mr. Dai Kebin (戴科彬), one of our founders, an executive Director and one of our Controlling Shareholders.
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Public Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering — Pricing and Allocation” in this Prospectus
“Offer Share(s)”	the Hong Kong Public Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by the Over-allotment Option Grantors pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by the Over-allotment Option Grantors to the International Underwriters, exercisable by the Stabilization Manager on behalf of the International Underwriters and in consultation with the Joint Global Coordinators for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require the Over-allotment Option Grantors to sell up to 13,200,000 Shares (representing in aggregate 15% of the initial Offer Shares of which up to 6,600,000 Shares will be sold by Giant Lilly and up to 6,600,000 Shares will be sold by Matrix Partners China I) to the International Underwriters to cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering — Over-allotment Option” in this Prospectus
“Over-allotment Option Grantors”	Giant Lilly and Matrix Partners China I
“PBOC”	People’s Bank of China
“PRC Legal Advisor”	Shihui Partners
“PRC Operating Entities”	Wisest, TD Elite and Liedao and their respective subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were wholly-owned subsidiaries of our Company by virtue of the Contractual Arrangements

DEFINITIONS

“Pre-IPO Investment(s)”	the investment(s) in the Company undertaken by the Pre-IPO Investors prior to the Global Offering, the details of which are set out in the section headed “History, Reorganization, and Corporate Structure — Pre-IPO Investments” in this Prospectus
“Pre-IPO Investors”	holders of the Convertible Preferred Shares, who have subscribed for the Convertible Preferred Shares as part of the Reorganization to reflect their previous investments in Wisest at the level of our Company as described in the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments”
“Pre-IPO Share Option Scheme”	the employees’ share option plan of the Company as approved by the Board on March 30, 2018
“Price Determination Agreement”	the agreement to be entered into between our Company (for itself and on behalf of the Over-allotment Option Grantors) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about June 22, 2018 and in any event no later than June 27, 2018, on which the Offer Price is to be fixed by an agreement between our Company (for itself and on behalf of the Over-allotment Option Grantors) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
“Principal Share Registrar”	Maples Fund Services (Cayman) Limited
“Prospectus”	this Prospectus being issued in connection with the Hong Kong Public Offering
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Shareholder(s)”	collectively, the registered shareholders of each of Wisest, TD Elite and Liedao (other than TD Elite HK)
“Remuneration Committee”	the remuneration committee of the Board
“Reorganization”	the reorganization arrangements undertaken by the Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganization and Corporate Structure — Corporate Restructuring” in this Prospectus
“Reorganization Framework Agreement”	the reorganization framework agreement dated March 27, 2018 entered into between, among others, the Company, TD Elite HK, Wisest, TD Elite and the registered shareholders of the Company and Wisest in relation to the Reorganization.
“RMB” or “Renminbi”	Renminbi, the lawful currency of China

DEFINITIONS

“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Series A-1 Convertible Preferred Shares”	the series A-1 convertible preferred shares of the Company with par value US\$0.0001 per share
Series A-2 Convertible Preferred Shares”	the series A-2 convertible preferred shares of the Company with par value US\$0.0001 per share
“Series A-3 Convertible Preferred Shares”	the series A-3 convertible preferred shares of the Company with par value US\$0.0001 per share
“SFC”	Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holder(s) of our Share(s)
“Shares”	ordinary share(s) in the share capital our Company, currently of nominal value US\$0.0001 each
“Stabilization Manager”	Morgan Stanley
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilization Manager and May Flower, pursuant to which May Flower will agree to lend up to 13,200,000 Shares to the Stabilization Manager on terms set forth therein
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Target Companies”	MoSeeker and Unicareer
“TD Elite”	TD Elite (Tianjin) Information Technology Co., Limited (同道精英(天津)信息技術有限公司), a limited liability company established

DEFINITIONS

	in Tianjin, the PRC on July 27, 2015, owned as to 50.1% by Liedao, 21.88% by Matrix Partners China I Hong Kong Limited, 21.345% by Giant Lilly and 6.675% by Tenzing Holdings Hong Kong Limited, one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“TD Elite HK”	TD Elite (HK) Information Technology Co., Limited (同道精英 (香港) 信息技術有限公司), a limited liability company incorporated in Hong Kong on November 27, 2017, one of our wholly-owned subsidiaries
“the Hong Kong Stock Exchange” or “the Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tiancai Youdao” or “WFOE”	Tiancai Youdao (Tianjin) Information Technology Co., Limited (天才有道 (天津) 信息技術有限公司), a limited liability company to be established in the PRC on April 26, 2018
“Track Record Period”	the three financial years ended December 31, 2015, 2016 and 2017
“UBS”	UBS AG Hong Kong Branch
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Unicareer”	Unicareer (Shanghai) Education Technology Co., Ltd., a company established under the laws of the PRC on December 25, 2014
“Unicareer Investment Agreement”	the investment agreement entered into between Liedao and, among others, Unicareer dated December 31, 2017 in connection with the acquisition of certain registered capital and subscription of additional registered capital in Unicareer (Shanghai) Education Technology Co., Ltd. by Liedao
“United States”, “U.S.” or “US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars: or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“Voting Agreements”	the voting agreements entered into by May Flower with each of Xiaoying Information Technology Co., Limited, Wisest Holding Co., Limited, Tenzing Holdings 2011 Ltd., Matrix Partners China I, Matrix Partners China I-A, L.P. and Giant Lilly respectively, dated May 2, 2018

DEFINITIONS

“WHITE Application Form(s)”	the form of application for the Hong Kong Public Offer Shares for use by the public who require such Hong Kong Public Offer Shares to be issued in the applicants’ own name
“Wisest”	Wisest (Beijing) Management Consulting Co., Ltd. (萬仕道 (北京) 管理諮詢股份有限公司), a limited liability company established in the Zhongguancun Science Park (中關村國家自主創新示範區), Beijing, the PRC on September 7, 2006, owned as to 70% by TD Elite HK, 27.62% by Mr. Dai and 2.38% by Mr. Chen upon completion of the Reorganization, one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“YELLOW Application Form(s)”	the form of application for the Hong Kong Public Offer Shares for use by the public who require such Hong Kong Public Offer Shares to be deposited directly into CCASS

Unless otherwise specified, all references to any shareholdings in the Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this Prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this Prospectus in connection with our Company and our business.

These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“ AI ”	artificial intelligence
“ ARPU ”	average revenue per user
“ Average annual salary of registered individual users ”	the average annual salary of all registered individual users who have provided us with their salary information, which accounted for a substantial majority of all registered individual users
“ Business customers ”	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
“ CAGR ”	compound annual growth rate
“ Headhunter-assisted, closed-loop talent acquisition services ”	end-to-end talent acquisition services that are delivered on a one-stop integrated platform, facilitated by headhunters, to business customers
“ Individual paying users ”	the individual users that have previously subscribed for our premium membership services at least once as of a given date
“ Job postings ”	active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due to being more than 90 days old
“ Mid- to high-end talents ”	individual job candidates with an average annual salary of at least RMB100,000
“ Number of CVs ”	number of professional profiles of registered individual users presented to business customers that typically include at least the name, gender, age, location, contact number, current employer, title, salary and industry of such registered individual users.
“ Percentage of total number of job postings with an average annual salary of at least RMB100,000 ”	the number that equals to the total number of job postings with an average annual salary of at least RMB100,000 as of a given date, divided by the total number of job postings as of the same date
“ R&D ”	research and development
“ Registered individual users ”	the individual users that have completed all required registration and verification procedures to our satisfaction, which include both individual paying users and individual non-paying users as of a given date
“ RPO ”	recruitment process outsourcing where a business customer outsources all or part of its hiring processes to a talent acquisition service provider

GLOSSARY OF TECHNICAL TERMS

“SaaS”	software-as-a-solution, which refers to our talent services delivery model where we host a range of proprietary software solutions and provide them to our registered individual users, verified business users and verified headhunters over the internet
“Talent services”	talent acquisition services and professional career services provided to business users and individual users, as the case may be
“Total number of contacts with individual users by our verified headhunters”	the total number of contacts with individual users by our verified headhunters through phone calls and messages, as of a given date
“Verified business users”	all business users that have completed all required registration and verification procedures to our satisfaction, which include both business customers and non-paying business users who do not have active contracts with us as of a given date
“Verified headhunters”	the headhunters that have completed all required registration and verification procedures to our satisfaction

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aim”, “aspire”, “objective”, “target”, “schedules”, and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this Prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our future business development, financial condition and results of operations;
- our business strategies and plans to carry out these strategies;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business customers and headhunters;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section in this headed “Risk Factors” in this Prospectus.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this Prospectus are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Offer 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 market price of our Shares could decline, and you may lose all or part of your investment.

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 December 31, 2017 unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-looking Statements” in this Prospectus.

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and our industry; (ii) risks relating to our Contractual Arrangements; (iii) risks relating to doing business in China; and (iv) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to improve our user experience or respond to changes in user preferences, we may not be able to attract and retain individual and business users, which may have a material adverse effect on our business, financial condition and results of operations.

Our success depends upon our ability to attract and retain individual users, business customers and other participants in our ecosystem, such as headhunters and other talent service providers. Our business customers are the primary source of our revenues. A key factor in attracting and retaining business customers is our ability to grow our individual user base and continue to attract and retain high-quality individual users. The stickiness and engagement of individual users, in turn, relies on our ability to maintain and increase the number of business users offering job opportunities, the quantity and quality of job postings on our platform, and the service quality of headhunters and other talent service providers. If we fail to maintain this virtuous cycle within our ecosystem, our platform would become less attractive to its participants, which may have a material and adverse effect on our business, financial condition and results of operations.

We believe our focus on customer service and support is critical to attracting new individual users and business customers, retaining our existing users and growing our ecosystem. If we are unable to maintain a consistently high level of customer services quality, we may lose existing individual users and business customers and fail to attract new ones. In addition, our ability to attract new individual users and business customers is highly dependent on our reputation and on positive feedbacks from our existing users. Any failure to maintain a consistently high quality of customer services, or a market perception that we do not maintain high-quality customer service, could adversely affect our reputation and the number of positive customer referrals that we receive.

To satisfy both our individual users and business customers, we need to continue to improve our user experience. This includes continuing to improve our technology and data capabilities to optimize search and matching results and enhance the user-friendliness of our platform.

RISK FACTORS

We cannot assure you that our initiatives to improve our user experience will always be successful. We also cannot predict whether our new products or service offerings will be well received by individual and business users. If we are unable to increase and retain our individual and business users, our financial condition and results of operations may be materially and adversely affected.

Our failure to respond in a timely and cost effective manner to rapid product and service innovations demand may have an adverse effect on our business and operating results.

We operate and compete in a new, dynamic and rapidly evolving online talent services market in China, whereby it is difficult to predict with great assurance the future growth rate and size of the market. The talent services industry in China is increasingly influenced by the frequent introduction of new products and services driven by ever-changing market demands, and talent services companies with innovative business models.

We believe that our future success will depend largely on our ability to anticipate product innovations and to offer additional products and services that meet evolving standards and demands on a timely and cost-effective basis. However, we cannot assure you that we will be able to successfully identify new product and service opportunities or introduce these opportunities to our current and potential users and customers in a timely and cost-effective manner. In addition, product and service opportunities that our competitors offer or develop may render our products and services less appealing or non-competitive, which may reduce our user or customer stickiness.

There are also other factors that are beyond our control, such as the future general acceptance and use of the Internet and mobile Internet for the provision of talent services in China, which reduce our ability to accurately evaluate our future prospects and forecast quarterly or annual performance. As a result, any changes in user or customer demands for product innovations in the future may have a material adverse effect on our business and results of operations.

If we fail to keep up with technological advancements or adopt new technologies timely in response to user demands, our business and operating results may be materially and adversely affected.

We operate in an industry characterized by intense market competition, rapidly developing technologies, evolving industry standards and frequent new product and service updates. The continuing popularity of our products and services and our ability to further monetize depend substantially on our ability to adapt to changing technologies and industry standards in our future product and service updates. For example, the attractiveness of our SaaS solutions to business customers, namely *Liepintong* (獵聘通), will decrease relative to that of competing products if we cannot match our competitors in development of better CV matching and recommendation algorithms.

Many of our potential business users have not historically utilized online talent service tool and not all job candidates use the Internet to look for jobs or maintain their professional profiles. With the high mobile penetration rate and the increasing migration from desktop to mobile amongst our potential business users and job candidates in China, our future results of operations will depend upon our ability to adapt our platform to increasing use in a mobile environment.

Enhancing legacy technologies and incorporating new technologies into our products involve numerous technical challenges, substantial capital and personnel resources and significant time, and we may not be able to handle these challenges effectively due to numerous factors beyond our control. In addition, all of the factors that affect the size and level of user engagement may also affect our ability to keep up with technology and user expectations.

Although we have been and will continue to deploy significant resources to enhance and develop technologies, products and services, we may not be able to effectively develop or integrate new technologies in a

RISK FACTORS

timely manner or at all, which may decrease user satisfaction. In addition, new technologies may not succeed or integrate well with our products and services, and even if integrated, may not function as expected or may be unable to attract and retain a substantial number of users or customers. Our failure to keep pace with rapid technological changes may impact our ability to attract or retain users and customers or to generate revenue, which may have a material and adverse effect on our operating results.

Concerns about our collection, disclosure, security and use of personal data and other privacy-related matters could damage our reputation and deter our users from using our services.

Concerns about our practices with regard to the collection, security, use or disclosure of personal data or other privacy-related matters, even if ungrounded, could damage our reputation and operations. We are required to collect, use, disclose and secure the personal data in accordance with PRC personal data protection laws and not to collect, use or disclose such information without consent from our customers. The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) effective on June 1, 2017 requires network operators including us to (i) expressly notify the user of the rules, purposes, methods and scope of the collection and use of one's personal data, (ii) obtain consent from the user for collection, use and disclosure of such personal data. If we violate such requirements, we may be subject to potential penalties depending on the nature of such violation, including shutdown of websites, revocation of business licenses, freezing of assets, and fines imposed on the company or management personnel. In addition, Amendment 9 to the PRC Criminal Law (《中華人民共和國刑法修正案(九)》) effective on November 1, 2015 prohibits illegal sale and disclosure of personal data obtained during the course of providing services. Moreover, pursuant to the PRC General Rules of Civil Law (《中華人民共和國民法總則》) effective in October 2017, any organization that obtains personal data shall ensure the security of such data. It is not allowed to illegally collect, use, process or transfer the personal data and it is illegal to buy and sell, disclose or publish the personal data. Furthermore, practices regarding the collection, use, disclosure and security of personal data by network operators have recently come under increased public scrutiny and may be subject to increased regulation by the PRC government. For example, on April 4, 2018, the Ministry of Public Security of China issued the Regulations on Cyber Security Supervision and Inspection (Draft for Comments) (《公安機關互聯網安全監督檢查規定》(徵求意見稿)), which is not effective yet, to provide for more detailed rules regarding Public Security' supervision and inspection of cyber security. See "Regulation — Regulations Relating To Privacy Protection" for more information.

Our internal policy also requires our employees to protect the personal data of our users and customers, and employees who violate such policy are subject to disciplinary actions, including dismissal. We also adopt and implement a series of technology-based protective measures to prevent unauthorized collection, use or disclosure of personal data. See the section headed "Business — Risk Management and Internal Control — Privacy Risk Management" and "Business — Risk Management and Internal Control — Data Security Risk Management."

While we strive to comply with all applicable personal data protection laws and regulations, as well as our own privacy policies, and we believe we are in compliance with the applicable PRC laws and regulations on personal data protection, any failure or perceived failure to comply with any current or new laws or regulations may result in proceedings or actions against us by government entities or private individuals, which could have an adverse effect on our business. Moreover, failure or perceived failure to comply with applicable laws and regulations related to the collection, disclosure, use, sharing or security of personal data or other privacy-related matters could result in a loss of confidence in us by users, which could adversely affect our business, financial condition and results of operations. We may also be subject to stricter user data and privacy-related requirements and heightened risk of non-compliance in the future. Implementing additional internal measures to comply with such enhanced compliance requirements may increase our cost and impact our financial position.

New products and services may subject us to additional risks.

From time to time, we may launch new products and services to expand into new market, such as PRC professional career services market. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed to accommodate these new products. In developing and marketing new products and services, we may need to invest significant time and resources and

RISK FACTORS

we cannot assure you whether improving our technology and data capabilities will be successful or sufficient to offset the costs incurred to offer these services. Initial timetables for the introduction and development of new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the successful implementation of a new product or service. Failure to successfully manage these risks in the development and implementation of new products or services could have a material adverse effect on our business, results of operations and financial condition.

We face significant competition from online and offline service providers, particularly professional social network platforms, and may suffer from a loss of individual and business users as a result.

The talent services market in China is competitive and rapidly evolving. We face constant pressure to attract and retain individual and business users, expand the market for our products and services and introduce new technologies. We face competition in our various lines of services from companies who focus exclusively on talent acquisition and career-related services, and from those that offer such services as part of their broader service offerings. Other large Internet companies and classified advertisement websites, which may have more management expertise, longer operating history and greater resources, have also entered the online talent services market. In addition, we face competition from existing participants in the offline hiring industry who may develop online talent services and products. Particularly, as mid- to high-end talents tend to rely more on professional social networks to connect to high-quality career opportunities, we face intense competition from online professional social network platforms that offer similar talent acquisition services to business customers and social networking services to individual users. Such professional social network platforms may offer users a variety of social network functions and tools that are not provided by us, or have additional monetization channels such as marketing and advertising solutions that could attract more business customers.

We compete with these competitors for both individual and business users. From time to time, our business customers may decide not to renew their contracts upon expiration for various reasons. They may also decide to switch to our competitors' services. Some of our competitors or potential competitors have longer operating histories and may have greater resources, capabilities and expertise in management, technology, finance, product development, sales, marketing and other areas than we have. They may use their experience and resources to compete with us in a variety of ways, including by providing better products and services, acquiring customers via various channels, investing more in research and development and making acquisitions. If we are unable to compete effectively, successfully and at reasonable cost against our existing and future competitors, our business prospects, financial condition and results of operations could be materially and adversely affected.

We may not be successful in executing initiatives to practices or otherwise in implementing our growth strategies.

As a company still in its early development stage, we continue to implement our growth strategies that we believe will increase our revenue and profitability. We plan to implement our growth strategies through endeavors primarily in the following six aspects:

- Grow talent base and enhance user experience to maximize their long-term value;
- Expand business customer base and broaden product offerings to increase monetization;
- Introduce more participants to empower our ecosystem with more closed-loop services;
- Continue technology innovations and strengthen data capabilities;
- Further enhance brand equity as a leading talent services platform; and
- Selectively pursue strategic transactions to tap into other related markets.

RISK FACTORS

These endeavors may involve significant risks and uncertainties, including distraction of management from current operations, industry and regulatory uncertainties, excessive expenses associated with the initiatives, and inadequate return on investments. These initiatives may also require significant investments, which could increase our costs. These initiatives may not be successful and may materially and adversely affect our business operation.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our user and customer base, or our ability to increase their level of engagement.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing our *Liepin* (獵聘) brand are critical to expanding our base of individual and business users and headhunters, and increasing their engagement with our online platform. This will depend largely on our ability to continue to provide high-quality talent services, be a technology leader and maintain all users' trust, which we may not do successfully. If we do not successfully maintain a strong brand, our business could be harmed. Furthermore, negative publicity about us and our business, shareholders, affiliates, directors, officers, employees and partners, as well as the industry in which we operate, can harm our operations.

Many factors, some of which are beyond our control, may negatively impact our brand and reputation, such as:

- any failure to maintain a pleasant and reliable experience for users as their preferences evolve and as we expand into new services;
- any negative publicity relating to our products or services or online talent services industry in general, regardless of its veracity, including any actual or perceived security or product or service quality problems;
- complaints by our users and customers about our products and services;
- security breaches of confidential user information;
- alleged misconduct or other improper activities committed by our employees or any participant in our ecosystem; and
- any fraudulent, false or misleading information relating to our user and customer information.

Our employees, headhunters and third-party talent service providers may engage in intentional or negligent misconduct or other improper activities or misuse our platform, which could harm our brand and reputation.

We may be exposed to the risks of fraud, unsatisfactory services or other misconducts committed by our employees, headhunters and third-party talent service providers. We have adopted and implemented a robust and comprehensive series of onboarding procedures to verify the creditworthiness and qualifications of headhunters, their recruiting firms and other third-party talent service providers, including verification of their business licenses, headhunting certificates, transaction records and other relevant qualifications. We also have internal policies and guidelines that seek to prevent our employees from perpetrating fraud, unsatisfactory services or other misconducts. However, we cannot assure that any of such measures would be sufficient to ensure there have been no fraudulent or false activities on our platform.

Fraud or other misconducts by our employees, headhunters or other third parties on our platform may also involve engaging in unauthorized misrepresentation to our potential business customers, misappropriating third-

RISK FACTORS

party intellectual property and other propitiatory rights during marketing activities, misusing sensitive personal information of our individual users and business customers, and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our users or business customers for fraud or misconduct committed by such third parties. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in user and customer complaints, regulatory and legal liabilities, as well as serious harm to our brand and reputation.

If our security measures are compromised, or if our online platform is subject to attacks that degrade or deny the ability of individual users, business users and headhunters to access our talent services, our users may curtail or stop use of our services.

Our services involve the storage and transmission of the information of individual users and business users, some of which may be private, and security breaches could expose us to a risk of loss of this information, resulting in potential liability and litigation. Like all other online platforms, our platform is vulnerable to computer viruses, break-ins, phishing attacks, attempts to overload our servers with denial-of-service or other attacks and similar disruptions from unauthorized use of our computer systems, any of which could lead to interruptions, delays, or website shutdowns, causing loss of critical data or the unauthorized disclosure or use of personally identifiable or other confidential information. If we experience compromises to our security that result in platform performance or availability problems, the complete shutdown of our platform, or the loss or unauthorized disclosure of confidential information, our individual users or business customers may lose trust and confidence in us, and decrease the use of our platform or stop using our platform in its entirety. Further, outside parties may attempt to induce our employees or users to disclose sensitive information about us or our users. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures.

Any or all of these issues could negatively impact our ability to attract new users and increase engagement by existing users, cause existing users to close their accounts or existing customers to cancel their contracts with us, subject us to third-party lawsuits, regulatory fines or other action or liability, thereby harming our reputation and operating results.

Our business may suffer if we do not successfully manage our current and potential future growth.

Our business has grown significantly in recent years and we intend to continue to expand the scope and geographic reach of our services. Our total revenue increased from RMB345.6 million in 2015 to RMB587.1 million in 2016 and further to RMB824.7 million in 2017, representing a CAGR of 54.5%. The total number of job postings grew from approximately 1.2 million as of December 31, 2015 to approximately 2.5 million as of December 31, 2017, representing a CAGR of 46.5%. Our total number of registered individual users increased from approximately 25.0 million as of December 31, 2015 to approximately 38.9 million as of December 31, 2017, representing a CAGR of 24.7%, and our business customers increased from 20,141 to 39,887, representing a CAGR of 40.7% for the same period.

Our anticipated future growth will likely place significant demand on our management and operation efficiency. Our success in managing our growth will depend, to a significant degree, on our ability to attract more new customers and retain existing customers and launch new products to increase our revenue, through leveraging technology. For example, leveraging our deep insights into our customers' needs and AI-empowered technology, we launched *Interview Express* (面試快), the first headhunter-assisted, closed-loop talent acquisition service offered in China's talent acquisition services industry according to CIC, to diversify our product and service offerings and increase monetization. In addition, we will have to successfully adapt our existing services to changing industry and user conditions, introduce new products and services, and expand, train and manage our

RISK FACTORS

employees. If we are unable to properly and prudently manage our operations as we continue to grow, or if the quality of our services deteriorates due to mismanagement, our brand name and reputation could be severely harmed, which would materially and adversely affect our business, financial condition and results of operations.

We may incur significant additional operating expenses, including R&D and sales and marketing expenses, as we continue to expand our operations.

We have experienced rapid growth and incurred significant amount of operating expenses during the Track Record Period. In 2015, 2016 and 2017, our total operating expenses amounted to RMB536.7 million, RMB649.3 million and RMB673.1 million, respectively. To manage the further expansion of our business and the growth of our operations and personnel, we need to continuously invest in our sales and marketing efforts, our infrastructure and technology, and improve our operational systems, procedures, compliance and controls. We also need to expand, train and manage our growing employee base, particularly those who are dedicated to sales and marketing and R&D activities. To such ends, we expect to continue to incur significant additional operating expenses in the near term to support our expansion plans. If we fail to manage our expansion in a cost-effective manner or if our investments in new technology and/or sales and marketing efforts do not result in expected returns, our business, results of operations, profitability and prospects may be materially and adversely affected.

Our results of operations may fluctuate due to seasonality in the hiring market and downturns in the macro-economic conditions in China.

Our operating results are subject to fluctuations partly attributable to the seasonality in the hiring market and the macro-economic conditions in China. In terms of seasonality in the hiring market, we have experienced higher revenues in the second and fourth quarters of each year as those coincide with the peak hiring and job seeking seasons in China. In these periods, our costs and expenses also tend to be higher as we engage in more sales and marketing activities and more users use and purchase our products and services to facilitate their hiring needs or job search. This seasonal variation may render operating result comparisons involving hiring season quarters meaningless and misleading when used to predict future operating results. In addition, we are also subject to negative impacts from downturns in the macro-economic conditions in China. In an economic downturn, business customers tend to reduce their spending on talent acquisition services, which may result in them terminating or not renewing our talent acquisition services. This potential negative impact from economic downturns in China may materially and adversely impact the results of our operations.

If we fail to attract or retain business customers or increase purchase from our existing customers, our operating results may be harmed.

During the Track Record Period, we generated the substantial majority of our revenues from providing talent acquisition services to our business customers. Business customers are a vital piece in our ecosystem. Without them, headhunters would have no one to service and registered individual users would have no positions to apply to. Any significant loss of business customers would therefore likely lead to a drop in number and engagement of our headhunters and individual users. In order to grow our business, we must continually attract new business customers, retain existing business customers and providing additional services to existing business customers. Our ability to do so depends in large part on the success of our sales and marketing efforts. We do not typically enter into long-term contracts with terms of longer than 12 months with our business customers. Furthermore, the nature of our products and services is such that business customers may decide to terminate or not renew their agreements with us without causing significant disruptions to their own businesses. We must demonstrate that our talent acquisition services are an important recruiting tool for our business customers. However, potential customers may not be familiar with our services or may prefer other more traditional offline services to fulfill their hiring needs.

The rate at which we expand our customer base or increase our business customers' renewal rates may decline or fluctuate because of several factors, including the prices of our services, the prices of products and

RISK FACTORS

services offered by our competitors, reduced hiring needs by our business customers or reductions in their hiring spending levels due to macroeconomic or other factors out of our control as well as the quality and cost-effectiveness of our talent acquisition services. If our business customers do not renew their agreements with us, renew on less favorable terms, or do not purchase additional services or products from us, our revenue may grow more slowly than expected or decline.

Ultimately, attracting new business customers and retaining existing business customers requires us to continue to provide high-quality solutions valued by our business customers. In particular, our business customers will discontinue their purchases of our services if we fail to effectively connect them with relevant and suitable job candidates or if we fail to provide superior customer support. If we fail to provide high-quality solutions and convince business customers of our value proposition, we may not be able to retain existing business customers or attract new business customers, which would harm our business and operating results.

If we do not continue to attract or incentivize headhunters and other talent service providers to participate in our ecosystem, we may not achieve our growth projections, and our operating results would be harmed.

In order to continue expanding and growing our ecosystem, we must continually attract new headhunters and other service providers to join our ecosystem and increase their engagement level, thereby enhancing our value propositions to our individual and business users. Our ability to do so depends in large part on the success of our ability to continue to grow our talent base and attract more business customers to use our platform and services. In addition, we have to continue improving and introducing services and tools to the headhunters and other service providers to enable them to better serve the individual and business users on our platform. Furthermore, if we fail to offer headhunters and other service providers attractive revenue opportunities, they may no longer be incentivized to join or stay in our ecosystem, which could result in a material and adverse effect on our growth prospect and operating results.

We had relationships with approximately 101,840 verified headhunters as of December 31, 2017. If we fail to establish new relationships or expand our existing relationships with headhunters, or should any of these headhunters fail to work effectively with us or go out of business, our ability to attract more individual and business users and our value propositions as a hiring service platform may be impaired.

We have incurred net losses in the past, and may not be able to maintain our profitability going forward.

In the past, we have incurred significant net losses as we are still at an early stage of monetization and continue to incur significant sales and marketing as well as R&D expenses for our services and products. In 2017, our (loss)/profit was RMB7.6 million, compared to a (loss)/profit of RMB(230.7) million in 2015 and RMB(139.7) in 2016. Our future profitability will depend on a variety of factors. These factors include our ability to successfully anticipate and address the evolving needs of our users, as well as our ability to further develop and implement monetization strategies in a cost-effective manner. Other market players may launch substitute product and service offerings catered to the needs of our users or develop new business models for online talent services tailored to the evolving needs of our users. Failure to enhance high user engagement or maintain platform attractions will bring adverse effect on our business and results of operations. We also intend to closely monitor and optimize our sales and marketing efforts to promote our products and services more cost-effectively, particularly through leveraging our technology capabilities. In addition, our ability to maintain profitability will largely depend on our ability to engage in R&D activities more cost-effectively and to improve our overall operating efficiency. Such efforts may not turn out to be effective and if we fail to continue to drive our revenue growth and manage our costs and expenses, we may not be able to maintain profitability in the future.

RISK FACTORS

We had negative net cash flow from operating activities and a working capital deficit for certain periods during the Track Record Period. If we are unable to generate positive net cash flow from operating activities or continue to experience working capital deficits in the future, our business, financial condition and results of operations may be materially and adversely affected.

We had negative operating cash flow, with outflows of RMB80.4 million and RMB62.0 million for the years ended December 31, 2015 and 2016, respectively, which were primarily attributable to our losses incurred for the respective periods. As a result of changes in our current assets and liabilities, we had a working capital deficit of RMB249.6 million and RMB21.4 million as of December 31, 2015 and 2016, respectively. There is no assurance that we will be able to generate sufficient net income or operating cash flows to meet our working capital requirements and repay our liabilities as they become due in the future due to a variety of factors. Negative net operating cash flow or working capital deficit requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to implement our business strategies as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected. For further information, see “Financial Information — Liquidity and Capital Resources.”

If we are unable to conduct sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.

Our operating margin and profitability largely depend on our ability to sell and market our products and services in a cost-effective manner. We incurred significant amount of sales and marketing expenses during the Track Record Period. In 2015, 2016 and 2017, our sales and marketing expenses amounted to RMB407.9 million, RMB482.3 million and RMB487.3 million, respectively. We expect to continue to incur significant sales and marketing expenses as we further expand our operations. Our sales and marketing activities may not be well received by the market and may not result in the levels of sales that we anticipate. We also may not be able to retain or recruit a sufficient number of experienced sales and marketing personnel, or to train newly hired sales and marketing personnel, which we believe is critical to implementing our sales and marketing strategies cost-effectively. Further, sales and marketing approaches and tools in China’s online talent services market are evolving rapidly. This requires us to continually enhance our sales and marketing approaches and experiment with new methods to keep pace with industry developments and user and customer preferences. We target to enhance returns from different marketing channels by leveraging our brand reputation, as well as to improve the sales efficiency of our sales force by optimizing our incentive and compensation structure and leveraging our AI technology. However, there is no guarantee that our efforts to implement new sales and marketing strategies will result in the anticipated improvement of sales and marketing efficiency. Any increase in marketing expenses as a result of change in marketing strategies may have a material adverse effect on our profitability. Failure to engage in sales and marketing activities in a cost-effective manner may reduce our market share, cause our revenues to decline, negatively impact our profitability, and materially harm our business, financial condition and results of operation.

We may be the subject of allegations, harassing or other detrimental conduct by third parties, which could harm our reputation and cause us to lose market share, users and customers.

We have been subject to allegations by third parties or purported former employees, negative internet postings and other adverse public exposure on our business, operations and staff compensation. We may also become the target of harassment or other detrimental conduct by third parties or disgruntled former or current employees. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies, media or other organizations. We may be subject to government or regulatory investigation or other proceedings as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted on the internet, including social media platforms by anyone, whether or not related to us, on an

RISK FACTORS

anonymous basis. Any negative publicity on us or our management can be quickly and widely disseminated. Social media platforms and devices immediately publish the content of their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business or prospects. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of negative and potentially false information about our business and operations, which in turn may cause us to lose market share, users or customers.

If our individual users' profiles are out-of-date, inaccurate, fraudulent or lack credible information, we may not be able to create value for our ecosystem participants, which could adversely impact the growth of our business.

If our individual users do not provide accurate, authentic and complete information when they join our platform or update their CVs as their situations change, the value of our ecosystem may be negatively impacted as our key value proposition as a source of credible, relevant and comprehensive talent graph will be substantially weakened. Although we adopt and implement a comprehensive set of onboarding procedures for our individual user registration, we cannot assure you that such measures are effective in ensuring the accuracy, authenticity and completeness of our users' profiles. See the section headed "Business — Our Services — Individual User Registration and Verification Procedures," "Business — Our Services — Business User Onboarding and Verification Procedures", "Business — Our Services — Verification of Job Postings" and "Business — Our Services — Headhunter and Service Provider Onboarding and Verification Procedures." For example, misleading, incomplete or outdated user information may cause our business customers and headhunters to misidentify a job candidate, which could erode their confidence in our talent services. Similarly, misleading, incomplete or outdated user information would diminish our ability to provide our business customers and headhunters with accurate matching and recommendation results, which may result in these business customers and headhunters wasting valuable resources on approaching and interviewing non-ideal candidates or even mishiring candidates. We must motivate our individual users to continue providing accurate and complete information and updates to their profiles, such as an accurate career plan, complete work experience and current job seeking intention. Only accurate, complete and timely information can yield to most effective job recommendations and most efficient recruitment results. If we fail to successfully motivate our individual users to do so, our business and operating results could be adversely affected.

We depend on our senior management and key employees to grow and operate our business, and if the interests of any of our senior management do not align with ours or if we are unable to hire, retain and motivate our personnel, we may not be able to grow effectively.

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain world class talent. We are dependent upon contributions from all of our employees, in particular our senior management team including our founder and Chief Executive Officer, Mr. Dai. The institutional knowledge required for our continued success remains with a small group of senior employees whom we may not be able to retain. We may not be able to retain the services of any members of our senior management in the future. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed.

Our growth strategy also depends on our ability to expand and retain our organization with talents. Identifying, recruiting, training and integrating qualified individuals will require significant time, expense and attention. In addition to hiring new employees, we must continue to focus on retaining our best talents, especially in R&D and sales and marketing functions. If we are not able to effectively increase and retain our talent, we may experience labor shortage, our ability to achieve our strategic objectives may be adversely impacted, and our business may be harmed.

RISK FACTORS

In addition, May Flower, a company wholly-owned by Mr. Dai, has entered into Voting Agreements with two of our substantial shareholders, namely Matrix Partners China I and Matrix Partners China I-A, L.P. and Giant Lilly, pursuant to which such shareholders agreed to grant May Flower a voting proxy over the number of Shares held by such shareholders corresponding to an aggregate of 20% of the total number of Shares in issue upon the Listing. Such Voting Agreements will expire upon the fifth anniversary of the Listing Date, and may terminate earlier upon the occurrence of certain termination events. If such Voting Agreements are terminated or expire, Mr. Dai will no longer be able to exert sufficient control over our Shares and may no longer be able to exercise significant influence over our Company. As our success and development depend on the industrial knowledge and experience of Mr. Dai, if Mr. Dai's control in our Company is reduced and our interest and Mr. Dai's interest are no longer aligned, our business may be materially adversely affected.

Adjustment in compensation to our employees may cause instability to our operating performance.

We rely on our employees to retain our existing business customers and individual paying users and attract new business customers and individual paying users, and rewarding them for excellent performance is crucial for our business success. For example, the compensation scheme for our sales personnel includes merit-based incentive criteria, such as total revenue generated and numbers of unique customer accounts acquired and retained, whose satisfaction leads to above-market compensation for most members of our sales team. As we continue to leverage our strong brand name and customer referrals to optimize our sales and marketing efforts, we plan to adjust our sales compensation level and structure from time to time. Such adjustment in compensation may lower incentives of and cause instability to our sales team, which may adversely affect our business and operational results. Similarly, adjustment in compensation to our other employees may cause instability and thus adversely affect our business and operation results.

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

The internet industry and the talent services industry are highly regulated in China. Our failure to obtain and maintain requisite approvals, licenses or permits applicable to our business or any changes in government policies or regulations may have a material and adverse impact on our business, financial condition and operational results. The PRC government regulates the Internet industry and the talent services industry extensively, including foreign ownership of, and the licensing requirements pertaining to, companies in the Internet industry and the talent services industry. A number of regulatory authorities, such as the MOFCOM, the MIIT, the SAIC, the MOHRSS, oversee different aspects of the Internet industry and the talent services industry. These regulatory authorities together promulgate and enforce laws and regulations that cover many aspects of the Internet information services and the talent services including entry into such industries, scope of permitted business activities, licenses and permits for various business activities and foreign investments into such industries.

We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business in connection with our provision of Internet information services, human resource services and other related value-added services. The government authorities may continue to pass new rules regulating the internet sector and we have been continually expanding into new business operations. They may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and products over the internet and through mobile operators and expose us to potential penalties and fines. Lastly, our existing licenses may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements.

RISK FACTORS

If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business and results of operation may be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses to both our operation results and offering proceeds.

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

For the years ended December 31, 2015, 2016 and 2017, we had foreign currency exchange gain/(loss) (realized and unrealized) of RMB3.6 thousand, RMB18.7 million and RMB(25.7) million, respectively. While the functional currency of our operating companies is RMB, we have had and will continue to have time deposits in US dollars, which may subject us to exchange rate fluctuations when we need to convert the time deposits proceeds into our functional currency. Foreign currency exchange gain/(loss) is recognized as part of net finance income/(loss) in the combined statements of profit or loss, and thus it may affect our results of operation.

In addition, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

Adoption of IFRS 16 could result in an interest expense, depreciation and a "right-of-use" asset and lease liability that could materially and adversely affect our results of operation.

IFRS 16, once adopted, will primarily affect our accounting as a lessee of leases for office premises which are currently classified as operating leases. The application of IFRS 16 is expected to lead to an increase in an interest expense and depreciation to our operation results and a "right-of-use" asset and lease liability on our financial position. As of December 31, 2015, 2016 and 2017, our future minimum lease payments under non-cancellable operating leases amount to RMB34 million, RMB94 million and RMB102 million for office premises respectively, the majority of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets on our financial position, once IFRS 16 is adopted.

Because we recognize revenue from service consumption by our customers over the term of the agreement, a significant downturn in our business may not be reflected immediately in our operating results, which makes it more difficult to evaluate our prospects.

We recognize revenue from service subscription agreements entered into with our business customers upon consumption of the service or ratably over the terms of these agreements, which are typically 12 months for our business customers. As a result, a certain portion of the revenue we report in each period may be generated from service subscription agreements entered into during previous periods. Consequently, a decline in new or renewed

RISK FACTORS

subscriptions in any one period may not affect our financial performance in that period but will negatively affect our revenue in future periods. If a number of contracts expire and are not renewed in the period, our revenue would decline slightly in that period and greatly subsequent periods. In addition, we may be unable to adjust our costs in response to reduced revenue. Accordingly, the effect of significant declines in market acceptance of our talent services may not be reflected in our short-term results of operations, which would make our reported results less indicative of our future prospects.

Content displayed on our platform may be found objectionable by PRC regulatory authorities and may subject us to penalties and other administrative actions.

We are subject to PRC regulations governing internet access and the distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet any content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory. Failure to comply with these requirements may result in monetary penalties, revocation of licenses to provide internet content or other licenses, suspension of the concerned platforms and reputational harm. In addition, these laws and regulations are subject to interpretation by the relevant authorities, and it may not be possible to determine in all cases the types of content that could cause us to be held liable as an internet content provider.

Internet platform operators may also be held liable for the content displayed on or linked to its platform that is subject to certain restrictions. We may not be able to always keep internal procedures abreast of changes in the PRC government's requirements for display of career related content on our online platform. Failure to identify and prevent illegal or inappropriate content from being displayed on our platform may subject us to liability, government sanctions or loss of licenses and/or permits.

To the extent that PRC regulatory authorities find any content displayed on our platform objectionable, they may require us to limit or eliminate the dissemination of such content on our platform in the form of take-down orders or otherwise. In addition, regulatory authorities may impose penalties on us for content displayed on or linked to our platform in cases of material violations or lacking proper license, including a revocation of our business licenses or a suspension or shutdown of our online operations. Although we have not been penalized for our content so far, in the event that the PRC regulatory authorities find the content on our platform objectionable and impose penalties on us or take other enforcement actions, our business, results of operations and reputation may be materially and adversely affected. Moreover, the costs of compliance with these regulations may continue to increase as a result of more content uploaded or linked to our platform by our users.

The integrity and reliability of our platform and services largely relies upon our ability to verify information relating to business customers and to detect fraud and fake information. If we fail to perform such obligations or meet the requirements of relevant laws and regulations, we may be subject to liabilities.

We have adopted and implemented a robust and comprehensive set of onboarding procedures to verify the authenticity and completeness of our business customers' identity, qualifications and job postings. We require business customers to submit their government-issued business licenses and other relevant certifications to us and conduct site visits from time to time before we allow them to register with and post jobs on our platform. We also leverage third-party business background check service providers to enhance our onboarding procedures. We cannot assure you that such measures are sufficient to ensure the authenticity and integrity of the information provided by our business customers. If the information provided by certain business customers turns out to be false or inaccurate, individual users may suffer various consequences, from wasting time and money on application for a misleading job posting to being hired into an undesirable or even harmful position based on false information on our platform. Other than losing confidence in our platform, these misled individual users may even sue us for failing to ensure the integrity and reliability of the information presented on our platform. The resulting loss of revenue and possible incurrence of legal fees for defending such suits may have a material adverse impact on our business operations and financial conditions, as well as our brand and reputations.

RISK FACTORS

Our business of connecting individual users with business customers on our online platform constitutes an intermediary service, and our contracts with business customers are intermediation contracts under the PRC Contract Law. Under the PRC Contract Law, an intermediary that intentionally conceals any material information or provides false information in connection with the conclusion of the proposed contract, which results in harm to the customer's interests, may not claim any service fee for its intermediary services and is liable for any damage incurred by the customer. In addition, according to the Provisions on Talent Market Administration (《人才市場管理規定》) (the "Talent Provisions"), as a talent intermediary service provider, we are prohibited from providing fake information, making false promises and publishing fake recruitment advertisement. Therefore, if any fake recruitment information or advertisement is provided through our online platform, we could be subject to liabilities as an intermediary under the PRC Contract Law and liabilities under the Talent Provisions. We may also face claims for negligence or other purported injuries resulting from such fake recruitment information, advertisement or the nature of our services. Such claims, with or without merit, may be expensive and time-consuming, result in significant diversion of resources and management attention from our operations, and adversely affect our brand image and reputation, which materially and adversely affect our business. See the section headed "Regulations — Regulations Relating to Advertisement."

We are in the early stages of monetizing our individual users' use of our services and cannot guarantee that our current or future monetization strategies will be successful.

During the Track Record Period, we only generated a small portion of our revenues from providing professional career services, such as premium membership services and CV advisory services to our paying individual users. We have historically focused on providing talent services to registered individual users mostly for free and therefore have limited monetization of our registered individual users. As we continue to build our ecosystem to better serve our individual users, we will continue to explore additional monetization channels to further capitalize on our large, growing individual user base, which may not prove to be successful. If our current or future monetization strategies do not succeed as we anticipate, we may not be able to maintain or increase our revenues, generate profits or achieve positive operating cash flows. Furthermore, we may not be able to continue to drive the user stickiness and engagement of our individual users, in which case, our efforts to capitalize on monetization opportunities relating to individual users may fail. We plan to continue to introduce new products and services to further diversify our revenue sources, including those with which we have little or no prior experience. If such new products or services fail to engage our individual users, we may fail to generate sufficient revenues and our operating results may suffer as a result.

We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our platform is accessible within an acceptable load time or compatible with users' operating system.

A key element to our continued growth is the ability of our individual and business users, headhunters and other talent service providers in all geographies to access our online platform within acceptable load times. As we continue to scale and expand our user base, database and operation, it may become increasingly challenging to maintain and improve our technology infrastructure, especially during peak usage times and as our solutions become more complex and our user traffic increases. If our online platform is unavailable when users attempt to access it, or does not load as quickly as they expect or is incompatible with the users' operating system, users may seek other platforms to obtain the information for which they are looking, and may not return to our platform as often in the future, or at all. This would negatively impact our ability to attract and retain our users and increase their engagement on our platform. We expect to continue to make investments to maintain and improve our technology infrastructure and to enable rapid releases of new features and products that are compatible with all mainstream operating systems. To the extent that we do not effectively address capacity and compatibility constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

RISK FACTORS

If we are not able to obtain sufficient funding at acceptable terms to support our operations or our growth, our prospects and our financial condition may be adversely affected.

To fund our operations, we plan to use a mix of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. We may need additional funding to support our expanding operations and to remain competitive in China's talent services industry. In particular, we expect our operation to continue to require a sufficient amount of capital resources to invest in R&D activities, hire more staff and support our sales and marketing efforts, all of which are vital to our continuing business growth. If we fail to secure sufficient funding to support our growth, our business prospects and financial condition may be adversely affected. We also cannot assure you that we will be able to obtain such additional capital in a timely manner or at acceptable terms or at all. Failure to obtain additional capital at acceptable terms may adversely affect our operations and our growth prospects.

Failure to protect or enforce our intellectual property right could harm our business and operating results.

We regard the protection of our trade secrets, copyrights, trademarks, trade dress, domain names and patents as critical to our success. In particular, we must maintain, protect and enhance the *Liepin* (獵聘) brand as well as our intellectual property rights associated with our proprietary technology and database. We strive to protect our intellectual property rights by relying on applicable legal rights under PRC law, as well as contractual restrictions. We typically enter into confidentiality and invention assignment agreements with our employees, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, these contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary information or deter independent development of similar technologies by others.

We may be vulnerable to intellectual property infringement claims brought against us by others.

We rely on third-party intellectual property to operate our business to some extent, such as licenses to use software and copyrights. As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being subject to intellectual property infringement claims. A successful infringement claim against us could result in monetary liability or a material disruption in the conduct of our business. Although we require our employees not to infringe others' intellectual property, we cannot be certain that our products, services, content and brand names do not or will not infringe on valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business.

We may incur substantial expenses in defending against third-party infringement claims, regardless of their merit. As a result, due to diversion of management time, expenses required to defend against any claim and the potential liability associated with any lawsuit, any significant litigation could significantly harm our business, financial condition and results of operations. If we were found to have infringed on the intellectual property rights of a third party, we could be liable to that party for license fees, royalty payments, lost profits or other damages, and the owner of the intellectual property may be able to obtain injunctive relief to prevent us from using the technology, software or brand name in the future. If the amount of these payments were significant, if we were prevented from incorporating certain technology or software into our products or services or if we were prevented from using our brand name, our business could be significantly harmed.

If we are unable to find suitable acquisitions, investment targets or strategic partners or if we fail to achieve expected benefits from such acquisitions, investment targets or strategic partnerships, our business, growth rates and results of operations may be materially and adversely affected.

We have in the past made investments in other businesses that we believe are complementary to our existing service offerings and crucial to executing on our growth strategies. In December 2017, we acquired 51%

RISK FACTORS

of the registered capital of CGL Consulting Co., Ltd (上海德築企業管理有限公司) (“CGL”) for a total consideration of RMB25,000,000. During the Track Record Period, we also made minority investments in an aggregate of approximately RMB11.5 million in multiple companies in China. After the Track Record Period, we also consummated our equity investment in Unicareer and Moseeker. Such investments could subject us to a number of risks, including our ability to influence the management of such companies in a way that is favorable to our business and growth strategies. Also, such businesses may not generate operating and financial results and/or synergies as we expected. In particular, CGL will focus on the provision of high-end executive search services through the Internet and will need to obtain an ICP License for such business. If CGL fails to obtain the ICP License, its business operations may be materially affected and limited. As a result, the value of our investment in CGL and our financial condition and results may be materially and adversely affected.

We may enter into negotiations or agreements relating to potential strategic alliances, joint ventures or strategic acquisitions in the future. If we are unable to identify suitable targets and execute the transactions as planned, or at all, there could be a material adverse effect on our business, growth rates and results of operations. Even if we do identify appropriate targets, the success of any material acquisition will depend upon a number of factors, including:

- our ability to acquire businesses on a cost-effective basis;
- our ability to manage regulatory and compliance risks associated with the businesses conducted by our targets;
- our ability to integrate acquired personnel, operations, products and technologies into our organization effectively; and
- our ability to retain and motivate key personnel and to retain the clients of acquired firms.

Any such alliance, joint venture or acquisition may require a significant commitment of management time, capital investment and other resources. We may be unable to consummate such transactions, we may not be able to effectively integrate an acquired business or we may be required to incur restructuring and other charges to complete a transaction. As a result, our business, financial condition and results of operations may be materially and adversely affected. In addition, if we use our equity securities as consideration for transactions, we may dilute the value of your Shares.

We may not be able to successfully halt the operations of copycat websites or misappropriation of our data.

From time to time, third parties may misappropriate our data through website scraping, robots or other means and aggregated this data on their websites with data from other companies. Historically, we adopted an internal system to detect such misappropriations. In addition, “copycat” websites may attempt to imitate the functionality of our platform. Although none of these events have caused any material adverse effect on our business and results of operations, we cannot assure you that similar events will not occur on a larger scale and materially and adversely impact our results of operations.

If we become aware of such websites, we would employ technological or legal measures in an attempt to halt their operations. However, we may not be able to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to stop their operations. In some cases, our available remedies may not be adequate to protect us against such websites. Regardless of whether we can successfully enforce our rights against these websites, any measures that we may take could require us to expend significant financial or other resources.

RISK FACTORS

We are exposed to potential legal liability associated with providing talent services, which may have a material adverse effect on our business and results of operations.

We are exposed to potential claims associated with the recruitment process, including claims by business customers, individual users and headhunters. PRC laws and regulations also prohibit human resources service providers from publishing fake hiring information. We require our business customers to submit their government-issued business licenses to us before we allow posting of their job openings on our platform in order to verify such business customers' identities and qualifications. In addition, we leverage our technology and database to conduct sensitive content searches to detect false job postings and inappropriate content, and adopt a whistle-blower hotline to encourage our users to report false and outdated job postings. Nevertheless, we cannot guarantee that such measures are sufficient to allow us to determine whether a job posting or any other content published on our platform is genuine, legal or legitimate. For example, our business customers may fail to remove postings for positions that have been filled or may keep multiple job postings open for the same position, and companies may use our online platform to market their brands and post positions that are not available. Once we receive and verify complaints regarding disingenuous or illegitimate job postings, we remove them from our online platform. If we are found to fail to protect users from disingenuous or illegitimate job postings, we may be subject to civil actions initiated by our individual users and our reputation may be harmed, which may have a material adverse effect on our business. We may also be held liable for claims by job candidates against us alleging our failure to maintain the confidentiality of their employment search or discrimination or other violations of applicable PRC laws and regulations.

At the same time, we have limited means to determine the genuineness of the information in the CVs our individual users upload to our platform. Although employers are expected to independently verify the credentials of the individual users who they are interested in hiring, we cannot assure you that we will not be subject to legal claims by business customers or headhunters in connection with fraudulent CVs. Furthermore, for our headhunter-assisted, transaction-based talent acquisition services, if we recommend a candidate who subsequently proves unsuitable for the position, it is possible that the relevant business customer or headhunter may seek to hold us liable for any loss suffered by it by claiming negligence or that we have breached our contract. We may also be held liable for claims by job candidates against us alleging our failure to maintain the confidentiality of their employment search or alleging discrimination or other violations of employment law or regulations by our business customers.

We have not experienced any material claims during the past three years. However, should any such claims be brought against us, regardless of their merit, we may be forced to participate in time-consuming and costly litigation or investigation, which could divert significant management and staff attention and damage our reputation and brand names, any of which may materially and adversely affect our business. We do not maintain insurance coverage for liabilities arising from claims by customers, users or third parties.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licenses or change our current business model.

We deploy virtual currencies that can be used by our business customers and headhunter, respectively, to purchase our paid services via our online platforms, such as CV downloading. Due to the relatively short history of virtual currency in China, the regulatory framework governing the industry is still under development. Currently, the PRC government has not promulgated any specific rules, laws or regulations to directly regulate virtual currency, except for online game virtual currency. Although we believe we are not subject to any online game virtual currency laws and regulations, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours, in which case we may be required to obtain additional approvals or licenses or change our current business model.

RISK FACTORS

Any disruption in internet access, telecommunications networks or our technology platform may cause slow response times or otherwise impair our users' experience, which may in turn reduce user traffic to our online platform and significantly harm our business, financial condition and operating results.

Our online talent services are highly dependent on the performance and reliability of China's internet infrastructure, accessibility of bandwidth and servers to our service providers' networks and the continuing performance, reliability and availability of our technology platform. Compared to more developed countries, internet access in China is subject to greater uncertainties. Telecommunications capacity constraints in China may impede further development of the internet to the extent that users experience delays, transmission errors and other difficulties.

We rely on major Chinese telecommunication companies and other third-party service providers to provide us with bandwidth and other services. We may not have access to comparable alternative networks or services in the event of disruptions, failures or other problems. Any disruption in internet access or in the internet generally could significantly harm our business, financial condition and operating results. Furthermore, we may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our online platform is accessible within an acceptable load time, which may have a material and adverse impact on our business prospects and results of operations.

We may experience website disruptions, outages and other online platform performance problems due to a variety of factors, including infrastructure or hardware changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our online platform simultaneously and denial of service or fraud or security attacks. In addition, we may experience slow response times or system failures due to a failure of our information storage, retrieval, processing and management capabilities. Slow response times or system failures may drive our users away, reduce the attractiveness of our products and services or discourage users and customers from providing their profile information and posting jobs on our online platform. If we experience technical problems in delivering our services over the internet either at a national or regional level, we could experience reduced demand for our services, lower revenues and increased costs.

Computer viruses, undetected software errors and hacking may cause delays or interruptions on our systems and may reduce the use of our services and damage our reputation and brand image.

Our online platform, and our other software applications including our SaaS solutions, products, hardware infrastructures and systems could contain undetected errors, or "bugs," that could adversely affect their performance. Additionally, we regularly update and enhance our platform and our other online systems and introduce new versions of our software products and applications. The occurrence of errors in any such update or enhancement may cause disruptions in our services and may, as a result, cause us to lose market share, damage our reputation and brand name and materially and adversely affect our business. In addition, computer viruses and hacking may cause delays or other service interruptions on our systems. "Hacking" involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions, loss or corruption of data, software, hardware or other computer equipment.

While we currently employ various antivirus and computer protection software in our operations, we cannot assure you that such protections will successfully prevent hacking or the transmission of any computer virus, which could result in significant damage to our hardware and software systems and databases, disruptions to our business activities, including to our e-mail and other communications systems, breaches of security and the inadvertent disclosure of confidential or sensitive information, interruptions in access to our online platform through the use of "denial of service" or similar attacks and other material adverse effects on our operations.

We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by, computer viruses and hacking. Moreover, if a computer virus or hacking affects our systems and is highly publicized, our reputation and brand names could be materially damaged and usage of our services may decrease. In addition, the inadvertent transmission of computer viruses could expose us to a material risk of loss or litigation and possible liability.

RISK FACTORS

We may experience delays or defaults in payment by our business customers, which may adversely affect our cash flow and working capital, financial condition and results of operations.

We face the risk that our business customers may delay their settlement with us or delay or fail to make settled payment as scheduled. As of December 31, 2015, 2016 and 2017, our trade receivables were RMB2.7 million, RMB4.4 million and RMB18.5 million, respectively. Trade receivables represent outstanding amounts due from our business customers for their purchase of our talent acquisition services. The 2016 to 2017 increase was due to an increase in the number of our business customers and the resulting revenue increase, as well as our provision of favorable credit terms to certain key business customers during this period. We typically grant credit terms of 30 to 90 days to such key business customer accounts. See “Financial Information — Discussion of Certain Key Statement Of Financial Position Items — Trade Receivables.” Delays or failures in payments by our customers may affect our cash flow and ability to meet working capital requirements. In 2015, 2016 and 2017, we incurred impairment losses on trade receivables of RMB1.0 million, RMB2.4 million and RMB3.3 million, respectively. We cannot assure you that payments from business customers will be made in a timely manner or at all, or that delays or defaults in payments will not affect our financial condition and results of operations.

We may incur impairment losses on our financial investments and any material adverse change in the value of our financial assets may adversely affect our financial condition and results of operations.

As of December 31, 2015, 2016 and 2017, our available-for-sale financial assets amounted to RMB7.7 million, RMB11.5 million and RMB6.2 million, respectively. Such available-for-sale financial assets are minority equity investments (with less than 10% equity ownership) in certain PRC companies in related industries that are measured at fair value. See “Financial Information — Discussion of Certain Key Statement Of Financial Position Items — Available-for-sale Financial Assets.” Our available-for-sale financial assets decreased from RMB11.5 million as of December 31, 2016 to RMB6.2 million as of December 31, 2017, primarily due to impairment loss caused by deterioration in the business prospect of one of our investee companies. In addition, valuation of these financial assets requires the use of significant unobservable inputs. The available-for-sale financial assets are carried at fair value with changes in fair value recognized in other comprehensive income. We have applied the income approach/discounted cash flow method to estimate the fair value of available-for-sale financial assets. There had been no fair value change for the available-for-sale financial assets during the Track Record Period. The use of the significant unobservable inputs including weighted average cost of capital and the related uncertainties in the estimates, could result in losses that materially and adversely affect our results of operations. The uncertainties underlying the relevant accounting estimates and any material depreciation in the value of our financial assets may adversely affect our financial condition and results of operations. In addition, we cannot assure you that we will not incur additional impairment losses on our financial investments in the future, which may materially and adversely affect our financial condition and results of operations.

We face certain risks relating to the real properties that we lease.

We lease real properties from third parties in China for our office and other uses in China. Some of the ownership certificates or other similar proofs of certain leased properties have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As of the date of this prospectus, we are not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in which event we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be interrupted.

RISK FACTORS

The lease agreements for some of our leased properties have not been registered with the PRC governmental authorities as required by the PRC laws. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for our lease agreements that have not been registered with the relevant PRC governmental authorities.

As of the date of this prospectus, we are not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of our leased properties the lease agreements of which have not been registered with the government authorities. However, we cannot assure you that the government authorities will not imposed fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

We have limited business insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in countries with more developed economies. In line with general industry practice in China, we do not have any business liability or disruption insurance to cover our business operations. Any uninsured occurrence of business disruption may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our results of operations and financial condition.

We have granted share options under our share incentive plan, and may grant additional share options or other share-based awards under our share incentive plan, which may result in increased share-based compensation expenses and dilution to the shareholding of existing shareholders.

We have adopted our share incentive plan for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We have incurred share-based compensation expenses of RMB8.3 million, RMB11.2 million and RMB9.1 million for the years ended December 31, 2015, 2016 and 2017, respectively, and we may grant additional share-based awards under our Pre-IPO Share Option Scheme. Any additional grant of share-based awards, including options, under our Post-IPO Share Option Scheme by us will further increase our share-based compensation expenses, and dilute existing shareholders' shareholding.

We cannot assure you that our social benefits agents have fully performed their obligations to make sufficient contributions to housing provident fund and social insurance for our PRC employees.

Our PRC subsidiaries are required by relevant PRC laws and regulations to contribute to the social insurance scheme (such as pension insurance, medical insurance, unemployment insurance, maternity insurance and work-related injury insurance) as well as housing provident fund for the benefit of our PRC employees. To efficiently administer the contribution to housing provident fund and social insurance in certain cities in China and as permitted by applicable PRC laws and regulations, we have engaged third-party agents and one of our affiliates to make such contribution for approximately 260 of our PRC employees, which accounted for less than 10% of our total number of employees as of the date of this prospectus. Such parties have confirmed to us, that they have fully performed their obligations under their agreements with us to make housing provident fund and social insurance contribution for our PRC employees, and during the Track Record Period, we had not received any claims from our employees in connection with our engagement with such parties or their failure to make such contributions. However, we have not been able to obtain compliance certificates issued by the applicable PRC local government authorities with respect to contributions made by such parties, for such compliance certificates can only be issued to these parties to certify as to their total contributions made on behalf of all of their clients rather than contributions specifically made for our employees, as advised by our PRC Legal Advisor. Any failure to make such contribution within the prescribed period by these parties may directly expose us to penalties imposed by the local authorities and/or legal claims raised by our employees. In the event that any such penalty is imposed on or any such claim is raised by our employees against our PRC subsidiaries as a result of such parties' failure to make contributions, our financial condition and reputation may be adversely affected.

RISK FACTORS

If our key performance indicators are inaccurate, the market may have inaccurate perception or wrong assessment about us, and our ability to form appropriate corporate growth strategies may be impaired and our business, results of operations and prospects may be materially and adversely affected.

We assess our operating performance using a set of key performance indicators, which include the number of registered individual users, number of individual paying users, number of verified business users, number of our business customers, number of job postings, percentage of job postings with an average annual salary of at least RMB100,000, number of verified headhunters and number of contacts with registered individual users by verified headhunters. Capturing accurate data is subject to various limitations. While these numbers are calculated based on what we believe to be reasonable for the applicable periods of measurement, there are inherent challenges in measuring user base and user engagement across our ecosystem. In addition, our key operating metrics are derived and calculated based on multiple assumptions and estimates which may not turn out to be proper or correct. Moreover, our measures of user base and user engagement may differ from methodologies used by third parties or similar metrics used by our competitors.

We have established controls to systematically remove stale job postings from our platform, including job postings by customers whose contracts with us have expired or job postings that we determine to be disingenuous or illegitimate based on user complaints and our internal control procedures. However, business customers may not always remove stale job postings available on our online platform on a timely basis, and we may not be able to detect and remove all disingenuous or illegitimate job postings. It is also possible there are duplicative job openings on our platform. These stale, disingenuous, illegitimate or duplicative job postings negatively affect the accuracy of certain of our performance indicators.

As a result, we cannot assure you that such key operating performance indicators always reflect our actual operating performance or our data collection technologies and tools always capture accurate data. If our key performance indicators are so inaccurate that our business results are grossly understated, the market might wrongly perceive us to be underperforming, which would adversely affect our share price; on the flip side, if our business results are grossly overstated, investors may be misled in their investment decisions for which we have legal liabilities. In addition, if our key performance indicators are inaccurate, we may also incorrectly assess our operating performance and in turn make incorrect operational and strategic decisions. Failure to capture accurate data or an incorrect assessment of this data may materially harm our business and operating results.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

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

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the Internet and other related businesses, such as the provision of Internet information for profit.

We are a company incorporated under the laws of the Cayman Islands, and WFOE, our PRC subsidiary, is considered foreign-invested enterprises. To comply with PRC laws and regulations, we conduct a substantial portion of our business in China through our Consolidated Affiliated Entities based on direct ownership and the Contractual Arrangements which enable us to (i) have the power to direct the activities that most significantly affect the economic performance of Wisest, TD Elite and Liedao, our Consolidated Affiliated Entities; (ii) receive substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by the WFOE; and (iii) have an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities when and to the extent permitted by PRC law, or request any

RISK FACTORS

existing shareholder of the Consolidated Affiliated Entities to transfer any or part of the equity interest in the Consolidated Affiliated Entities to another PRC person or entity designated by us at any time at our discretion. Because of these contractual arrangements and the direct ownership, we are the primary beneficiary of the Consolidated Affiliated Entities and hence treat each of the Consolidated Affiliated Entities as our Consolidated Affiliated Entities, and consolidate their and their respective subsidiaries' results of operations into ours. Our Consolidated Affiliated Entities hold the licenses, approvals and key assets that are essential to our business operations.

If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign ownership of businesses, or if the PRC government otherwise finds that we, our WFOEs or any of their respective subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the MOFCOM, MIIT, MOC and GAPPRFT, would have broad discretion in dealing with such violations or failures, including, without limitation:

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

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

Our contractual arrangements may not be as effective in providing operational control as direct ownership. Our Consolidated Affiliated Entities or their shareholders may fail to perform their obligations under our contractual arrangements.

Due to the PRC restrictions or prohibitions on foreign ownership of Internet and other related businesses in China, we operate a substantial portion of our business in China through our Consolidated Affiliated Entities, in which we have no or do not have all of ownership interest. Besides our ownership interest in Wisest, We rely on

RISK FACTORS

a series of contractual arrangements with our Consolidated Affiliated Entities and their shareholders to control and operate their business. These contractual arrangements are intended to provide or extend us with effective control over our Consolidated Affiliated Entities and allow us to obtain economic benefits from them. See the section headed “Contractual Arrangements” in this document for more details about these contractual arrangements.

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

The ultimate shareholders of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business.

We have designated individuals who are PRC nationals to be the ultimate shareholders of our the Consolidated Affiliated Entities. These individuals may have conflicts of interest with us. Wisest is 27.62% owned by Mr. Dai together with entities controlled by Mr. Dai, and 2.38% owned by Mr. Chen. Liedao are 100% owned by Mr. Dai and Mr. Chen, and TD Elite are 50.1% owned by Liedao. Conflicts of interest may arise between the roles of director or officer and Mr. Dai and Mr. Chen as ultimate shareholders, directors and/or officers of our Company and as ultimate shareholders, directors and/or officers of our Consolidated Affiliated Entities. We rely on these individuals to abide by the laws of the Cayman Islands which impose fiduciary duties upon directors and officers of our company. Such duties include the duty to act bona fide in what they consider to be in the best interest of our company as a whole and not to place themselves in a position in which there is a conflict between their duties to our company and their personal interests. On the other hand, PRC laws also provide that a director or a management officer owes a loyalty and fiduciary duty to the company he or she directs or manages. We cannot assure you that when conflicts arise, ultimate shareholders of our Consolidated Affiliated Entities will act in the best interest of our company or that conflicts will be resolved in our favor. These individuals may breach or cause the Consolidated Affiliated Entities to breach the existing contractual arrangements. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entities the ownership or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the contractual arrangements, WFOE or its designated person(s) has the exclusive right to purchase all or any part of the equity interests in the Consolidated Affiliated Entities from its shareholders at a nominal price, unless relevant government authorities or PRC laws require that another amount should be used as the purchase price, in which case the purchase price shall be the lowest amount under such requirement.

RISK FACTORS

The equity transfer may be subject to the approvals from and filings with the MOFCOM, the MIIT, the SAIC and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. The shareholders of our Consolidated Affiliated Entities will pay the equity transfer price they receive to Consolidated Affiliated Entities under the contractual arrangements. The amount to be received by WFOE may also be subject to enterprise income tax. Such tax amounts could be substantial.

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

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entities. If Consolidated Affiliated Entities undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of our Consolidated Affiliated Entities. If our Consolidated Affiliated Entities liquidate, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by Consolidated Affiliated Entities to WFOE under the applicable service agreement.

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

We may not be able to meet the Qualification Requirements for VATS and Talent Intermediary Services and our plan to unwind the Contractual Arrangements may be subject to certain limitations.

According to the FITE Regulations, foreign investor who invests in value-added telecommunication services (增值電信業務) (the "VATS") business in the PRC must possess the Qualification Requirement of VATS as defined below. The MIIT issued a guidance memorandum on its official website in relation to the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC. According to this guidance memorandum, an applicant is required to provide, among other things, satisfactory proof of prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "Qualification Requirement of VATS"). The guidance memorandum, however, does not provide any further guidance on the proof, record or document required to support the application and does not purport to provide an exhaustive list on the application requirement. Based on the consultations with an officer of the Policy and Standards Division of Department of Communication and Development (工信部信息通信發展司政策標準處) of the Ministry of Industry and Information Technology (工業和信息化部) (the "MIIT"), the officer confirmed that any change of the foreign shareholders of the entity holding the ICP License (TD Elite in the case of our Company), is subject to substantive examination and discretion and the documentary requirements and procedures for such substantive examination would be the same for changing the foreign shareholder of the entity holding the ICP License to an overseas listed entity or its subsidiary, or to an

RISK FACTORS

overseas unlisted entity. Such requirements and procedures include, but are not limited to, obtaining background information and documents proving the Qualification Requirement of VATS of the proposed overseas entity and all its intermediate and ultimate shareholders. Our PRC Legal Advisor and the Joint Sponsors' legal advisor have advised that, as of the date hereof, (i) the above-mentioned guidance memorandum issued by the MIIT had no legal or regulatory effect under the PRC laws and (ii) no applicable PRC laws, regulations or rules provided clear guidance or interpretation on the Qualification Requirement of VATS. According to the HR Interim Provisions, a foreign investor who invests in a talent intermediary service agency shall have engaged in talent intermediary services for three years or more, and have a good reputation (the “**Qualification Requirement of HR License**”, and together with the Qualification Requirement of VATS, the “**Qualification Requirements**”).

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas VATS and Talent Intermediary Services operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests in Wisest, TD Elite and Liedao when the relevant PRC laws and authorities allow foreign investors to invest and hold (or to increase, as applicable) equity interests in enterprises which engage in VATS and/or Talent Intermediary Services. Please refer to the sections headed “Contractual Arrangements — Background” “Contractual Arrangements — Qualification Requirements” of this prospectus.

As the steps taken by us to fulfil the Qualification Requirements are subject to the competent authorities' substantive examination, we cannot assure you that we will be able to meet the Qualification Requirements in the future and the plan we have adopted will be sufficient to satisfy the Qualification Requirements. Notwithstanding our Group plans to unwind and terminate the Contractual Arrangements as soon as practicable in respect of the provision of our VATS and/or Talent Intermediary Services to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under applicable PRC laws and regulations if the applicable PRC laws and regulations allows foreign ownership (or a higher percentage of foreign ownership than is currently permitted) or if the relevant government authority eases the substantive examination and discretion requirements for transfer of equity interests in a company holding ICP License under applicable PRC laws and regulations. However, we may be unable to unwind the Contractual Arrangements before we are in a position to comply with the Qualification Requirements. If we otherwise attempt to unwind the Contractual Arrangements before we satisfy the Qualification Requirements, we may be considered by the regulatory authorities as ineligible for provision of our VATS and/or Talent Intermediary Services, which could have a material adverse effect on our business, financial condition and results of operations.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The MOFCOM published the Draft Foreign Investment Law in January 2015 for public review and comments aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The Draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. While the MOFCOM solicited comments on this draft in early 2015, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The Draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the Draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign invested enterprise or a foreign invested entity or “FIE”. The Draft Foreign Investment Law specifically provides that entities established in China but “controlled” by foreign investors will be treated as FIEs, whereas an entity set

RISK FACTORS

up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM, treated as a PRC domestic investor, provided that the entity is “controlled” by PRC entities and/or citizens. In this context, “foreign investors” refers to the following subjects making investments within the PRC: (i) natural persons without PRC nationality; (ii) enterprises incorporated under the laws of countries or regions other than PRC; (iii) the governments of countries or regions other than the PRC and the departments or agencies thereunder; and (iv) international organizations. Domestic enterprises under the control of the subjects as mentioned in the preceding sentence are deemed foreign investors. “Control” is broadly defined in the draft law to cover the following categories: (a) holding directly or indirectly 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity; (b) holding directly or indirectly less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity, but (i) having the power to directly or indirectly appoint 50% or more of the members of the board of directors or other equivalent decision-making bodies of the subject entity; (ii) having the power to secure its nominated persons to acquire 50% or more of the seats on the board of directors or other equivalent decision-making bodies of the subject entity; or (iii) having the voting power to exert material influence over decision-making bodies, such as the shareholders’ meeting or the board of directors of the subject entity; or (c) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial, staffing and technology matters.

Once an entity is determined to be a FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in a Catalog of Special Administrative Measures, or the “negative list”, which is classified into the Catalog of Prohibitions and the Catalog of Restrictions, to be separately issued by the State Council. Foreign investors are not allowed to invest in any sector set forth in the Catalog of Prohibitions. However, unless the underlying business of the FIE falls within the Catalog of Restrictions or Catalog of Prohibitions, which calls for market entry clearance by the MOFCOM, prior approval from governmental authorities as mandated by the existing foreign investment legal regime would no longer be required for establishment of the FIE. The VIE structure has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. Under the Draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangement would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Therefore, for any company with a VIE structure in an industry category that is on the Catalog of Restrictions or Catalog of Prohibitions, the VIE structure may be deemed a domestic investment only if the ultimate controlling person(s) is/are of PRC nationality (either PRC companies or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the Catalog of Restrictions or Catalog of Prohibitions without market entry clearance may be considered as illegal.

The primary reason for the Company to adopt the Contractual Arrangements for control of 30% equity interests in Wisest, and 100% equity interests in each of TD Elite and Liedao is that their respective principal businesses are subject to foreign investment restrictions under the PRC regulatory framework. It is uncertain whether we would be considered as ultimately controlled by PRC entities and/or citizens or not. In addition, the Draft Foreign Investment Law does not indicate what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens.

Although the Draft Foreign Investment Law was released for consultation purposes, there is substantial uncertainty regarding the Draft Foreign Investment Law, including with respect to its final content (especially the provisions dealing with VIE structure), adoption timeline or effective date. Mr. Dai Kebin, our Founder and Chief Executive Officer, as a PRC investor in the context of the Draft Foreign Investment Law (and any successor of the chairman of Nomination Committee who will be a PRC investor by virtue of the Articles and the Terms of Reference of the Nomination Committee), will be considered to have the power to secure his/her nominated persons to acquire at least 50% of the seats on the Board, despite owning less than 50% of the voting rights of the Company. However, our PRC Legal Advisor advised that it is still unclear as at December 31, 2017 as to (i) what level of “actual control” is required to qualify as a domestic enterprise; and (ii) how domestic enterprises operated by foreign investors under a contractual arrangement are to be regulated since the Draft Foreign Investment Law has not been finalized and the requirements under the final Foreign Investment Law may be different from those set out in the current Draft Foreign Investment Law.

RISK FACTORS

If, upon its enactment, the current Draft Foreign Investment Law (i) does not recognize our structure under our Contractual Arrangements as domestic investment; (ii) does not provide any preferential treatment to investors from Hong Kong, Macau and Taiwan; (iii) requires Wisest, TD Elite and Liedao to apply for access permission, a government permit that allows foreign investors to invest in the business on the Catalog of Restrictions or Catalog of Prohibitions, our Contractual Arrangements may be regarded as invalid and illegal if we have not obtained such access permission. As a result, our Group would not be able to continue our business in China through the Contractual Arrangements, and we may no longer be able to consolidate the financial results of our Consolidated Affiliated Entities and we would have to derecognize their assets and liabilities according to the relevant accounting standards and, as a result, recognize an investment loss, which could have a material and adverse effect on our business, financial condition and results of operations. In such case, the Stock Exchange may also consider us to be no longer suitable for listing on the Stock Exchange and delist our Shares. For details of the Draft Foreign Investment Law and the negative list and its potential impact on our Company, and our potential measures to maintain control over and receive economic benefits from our consolidated affiliated entities, please refer to “Contractual Arrangements — Development in the PRC Legislation on Foreign Investment” in this prospectus.

Furthermore, the Draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the Draft Foreign Investment Law proposed to impose stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign invested entities. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with the information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our combined profit and the value of your investment.

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

RISKS RELATING TO DOING BUSINESS IN CHINA

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

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and Consolidated Affiliated Entities are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

RISK FACTORS

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner, or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

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

Almost all access to the Internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's Internet infrastructure or telecommunications networks provided by telecommunication service providers. Internet traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at Internet data centers in large cities such as Beijing are scarce. 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 mobile apps and websites. We cannot assure you that the Internet infrastructure and telecommunications networks in China will be able to support the demands associated with our continued growth in Internet usage. If we were unable to increase our online content and service delivering capacity accordingly, we may not be able to continuously grow our Internet traffic and the adoption of our products and services may be hindered, which could adversely impact our business and our share price.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and Internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if Internet access fees or other charges to Internet users increase, users may be discouraged or prevented from accessing the Internet and thus cause the growth of Internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base, which in turn could adversely affect the operation of our business and our growth.

PRC economic, political and social conditions as well as government policies could adversely affect our business and prospects.

Substantially all of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exerts significant control over China's economic growth through guiding resource allocation, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

RISK FACTORS

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to manage the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, the Chinese economy has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our services and materially and adversely affect our business and results of operations.

The PRC legal system embodies uncertainties which could limit the legal protections available to us.

The PRC legal system is based on written statutes and prior court decisions have limited value as precedents. Since many laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of these laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

In particular, PRC laws and regulations concerning the Internet industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any non-compliant activities under the applicable laws and regulations, the PRC governmental authorities may promulgate new laws and regulations regulating the Internet industry, or particularly the online talent services industry, in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to online talent services industry.

Moreover, developments in the online talent services industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict online talent service providers like us, which could materially and adversely affect our business and operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems.

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

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary

RISK FACTORS

businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation 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. In April 2009, the State Administration of Taxation, or SAT, issued a circular, known as 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 this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT’s 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 primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made 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 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 uncertainties remain with respect to the interpretation of the term “de facto management body.” As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that Wise Talent Information Technology Co., Ltd or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then Wise Talent Information Technology Co., Ltd or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends we pay 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, and gains realized on the sale or other disposition of our ordinary 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 dividends or gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would 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 such tax may reduce the returns on your investment in our Shares.

The PRC government’s control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenues in RMB.

RISK FACTORS

Under our current corporate structure, our company in the Cayman Islands relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. 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 State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by the beneficial owners of our company who are PRC residents. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

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

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. Any medium or long term loan to be provided by us to our Consolidated Affiliated Entities must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE Circular 19 took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the RMB fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investment and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in China the net proceeds from this offering, which may adversely affect our business, financial condition and results of operations.

RISK FACTORS

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

The SAT has promulgated several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or Public Notice 7 and the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises, or SAT Circular 37.

On October 17, 2017, the SAT issued the SAT Circular 37, which came into force and amended some provisions in Public Notice 7 on December 1, 2017. SAT Circular 37, among other things, simplifies procedures of withholding and payment of income tax levied on non-resident enterprises.

Pursuant to these rules and notices, where a non-resident enterprise investor transfers equity interests or other taxable assets in a PRC resident enterprise indirectly by way of disposing of equity interests in an overseas holding company, the non-resident enterprise investor, being the transferor, may be subject to PRC enterprise income tax if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at the rate of up to 10%.

In addition, Public Notice 7 provides clear criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Public Notice 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of up to 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties with respect to the reporting and consequences of private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our company and other non-resident enterprises of ours may be subject to filing or tax obligations if our company and other non-resident enterprises of ours are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises of ours are transferees in such transactions, under Public Notice 7 and SAT Circular 37. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Public Notice 7 and SAT Circular 37. As a result, we may be required to expend valuable resources to comply with Public Notice 7 and SAT Circular 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our Company and other non-resident enterprises of ours should not be taxed under these circulars. The PRC tax authorities have the discretion under Public Notice 7 and SAT Circular 37 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Public Notice 7 and SAT Circular 37, our income tax costs associated with such transactions will be increased, which may have an adverse effect on our financial condition and results of operations. We have made acquisitions in the past and may conduct

RISK FACTORS

additional acquisitions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance to them for the investigation of any transactions we were involved in. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Failure to obtain any preferential tax treatments or the discontinuation, reduction or delay of any of the preferential tax treatments that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

We have been granted certain governmental subsidies and tax preferences. Enterprises that qualify as “High and New Technology Enterprises” are entitled to a preferential rate of 15% for three years. Each of Wisest and Ins Network was certified as “High and New Technology Enterprises” on December 22, 2016, which will expire on December 21, 2019. Both Wisest and Ins Network enjoyed a preferential tax rate of 15% for the year ended December 31, 2017. See the section headed “Financial Information — Description of Major Components of Our Results of Operations — Taxation” in this prospectus. Nevertheless, the preferential tax rates enjoyed by certain of our Consolidated Affiliated Entities are non-recurring in nature, and the government agencies may decide to reduce, eliminate or cancel such subsidies and tax preferences at any time. We cannot assure you of the continued availability of the government subsidies and tax preferences currently enjoyed by us. The discontinuation, reduction or delay of these governmental subsidies and preferential tax treatment could adversely affect our financial condition and results of operations.

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

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, was promulgated by the SAFE in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

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

RISK FACTORS

We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. Due to a lack of detailed implementation rules of the registration requirements, some individual Shareholders of our Company who are PRC citizens applied for their remedial registration with the competent local branches of the SAFE. We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects. As of March 27, 2018, our individual Shareholders who are PRC citizens had completed their registration under the SAFE Circular 37.

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

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or SAFE Circular 7, replacing the previous rules issued by SAFE in March 2007. Under the SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our PRC employees who have been granted share options and restricted shares will be subject to these regulations upon the completion of this offering. Failure of our PRC share option holders or restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

RISK FACTORS

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

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company incorporated in the Cayman Islands and substantially all of our assets are located in China and substantially all of our current operations are conducted in China as well. In addition, a majority of our current Directors and officers are nationals and residents of China and substantially all of the assets of these persons are located in China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, because there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

RISKS RELATING TO THE GLOBAL OFFERING

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

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

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

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, 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 PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

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

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an

RISK FACTORS

immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

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

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

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

Our Controlling Shareholders may exert substantial influence over us and may have conflict of interests with our independent Shareholders.

Immediately upon completion of the Global Offering (regardless of whether the Over-allotment Option is exercised and assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), our Controlling Shareholders will control approximately 58.64% of the voting rights of our issued Shares through the Voting Agreements and their controlled corporations. Our Controlling Shareholders will be in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any shareholders' ordinary resolutions, irrespective of how other shareholders vote. The interests of our Controlling Shareholders may not necessarily be aligned with the interests of our public shareholders or our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company.

Certain data and information in this prospectus were obtained from third-party sources and were not independently verified by us.

This prospectus contains certain data and information that we obtained from various government and private entity publications. Statistical data in these publications also include projections based on a number of assumptions. The talent services industry in China may not grow at the rate projected by market data, or at all. The failure of our industry to grow at the projected rate may have a material adverse effect on our business. In addition, the complex and changing nature of the broad macroeconomic factors discussed in this prospectus may result in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

We have not independently verified the data and information contained in such third-party publications and reports. Data and information contained in such third-party publications and reports may be collected using third-party methodologies, which may differ from the data collection methods used by us. In addition, these industry publications and reports generally indicate that the information contained therein was believed to be reliable, but do not guarantee the accuracy and completeness of such information.

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 Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this document, there has been press and media coverage

RISK FACTORS

regarding us and the Global Offering. 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.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors of our Company ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. The Company does not have and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed Ms. Fung Wai Sum (馮慧森), our company secretary and Mr. Dai Kebin, our Chairman, executive Director and Chief Executive Officer, as authorized representatives of our Company, to be the principal channel of communication with the Stock Exchange. They will serve as our Company's principal channel of communication with the Stock Exchange. Each of them has confirmed that he/she can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters on short notice. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the authorized representatives will have means to contact all of the Directors promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- (b) in addition to the appointment of the authorized representatives, to facilitate communication with the Stock Exchange, the contact details of each Director, including his mobile phone number, office phone number, facsimile number and e-mail address have been provided to each of the authorized representatives, our company secretary, the Compliance Adviser (as defined below) who have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters, and the Stock Exchange. Furthermore, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period as and when required;
- (c) pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Guotai Junan Capital Limited as our compliance advisor (the "**Compliance Advisor**") for the period commencing from the date of our Listing until the date on which our Company announces our financial results and distributes our annual report for the first full financial year after the date of our Listing. The Compliance Advisor will act as our Company's additional and alternative channel of communication with the Stock Exchange, and its representatives will be readily available to answer enquiries from the Stock Exchange. Our Company will ensure that there are adequate and efficient means of communication between us, our authorized representatives, Directors and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

and dealings between us and the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor. Meetings with the Stock Exchange and the Directors can be arranged through our Company's authorized representatives or the Compliance Advisor, or directly with the Directors with reasonable notice; and

- (d) in addition to the Compliance Advisor's role and responsibilities after the Listing (i) to inform our Company on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulations or codes in Hong Kong applicable to our Company, and (ii) to provide advice to our Company on the continuing requirements under the Listing Rules and applicable laws and regulations, our Company will retain a Hong Kong legal advisor to advise it on the compliance with the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the Global Offering. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (where applicable) (i) the announcement and independent shareholders' approval requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, see the section headed "Connected Transactions."

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEME

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, disclose in the prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.

Paragraph 27 of Appendix 1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures, must be specified in the prospectus.

As of the Latest Practicable Date, our Company had granted options under the Pre-IPO Share Option Scheme to 138 grantees, including 3 Directors, 2 members of the senior management, 2 connected persons of our

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Company and 131 other employees of our Group to subscribe for an aggregate of 37,715,511 Shares, representing approximately 7.61% of our Company's issued share capital immediately after completion of the Global Offering (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised).

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the grounds that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) since the options granted under the Pre-IPO Share Option Scheme were granted to a total of 138 grantees involved, strict compliance with the relevant disclosure requirements to disclose names, addresses, and entitlements on an individual basis in the prospectus is unduly burdensome and will require substantial number of pages of additional disclosure and would significantly increase the cost and timing for information compilation, prospectus preparation and printing;
- (b) key information of the options granted under the Pre-IPO Share Option Scheme to the Directors, members of the senior management and connected persons has already been disclosed in the Prospectus under the section headed "Appendix IV — Statutory General Information — D — Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme — Pre-IPO Share Option Scheme";
- (c) the key information of the Pre-IPO Share Option Scheme as disclosed in this Prospectus under the section headed "Appendix IV — Statutory General Information — D — Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme — Pre-IPO Share Option Scheme" is sufficient to provide potential investors with information to make an informed assessment of the potential dilution effect and impact on earnings per share of the options granted under the Pre-IPO Share Option Scheme in their investment decision making process; and
- (d) the lack of full compliance with such disclosure requirements will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the investing public.

The Stock Exchange has granted us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Part A of Appendix 1 to the Listing Rules on the conditions that:

- (a) the following information will be clearly disclosed in this Prospectus:
 - (i) on individual basis, full details of all the options granted by our Company under the Pre-IPO Share Option Scheme to each of the Directors, members of the senior management, connected persons of our Company and six grantees who have each been granted options representing the right to subscribe for more than 500,000 Shares (who are not Directors, members of the senior management or connected persons of the Company), including all the particulars required under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules;
 - (ii) in respect of the options granted by our Company to the grantees other than those referred to in sub-paragraph (i) above:
 - (1) the aggregate number of the grantees;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (2) the aggregate number of Shares subject to such options;
 - (3) the consideration paid for the grant of such options;
 - (4) the exercise period of each option; and
 - (5) the exercise price for the options;
- (b) the dilution effect and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme;
 - (c) the aggregate number of Shares subject to the outstanding options granted by our Company under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital of which such number represents a summary of the major terms of the Pre-IPO Share Option Scheme;
 - (d) a summary of the Pre-IPO Share Option Scheme; and
 - (e) the list of all the grantees (including the persons referred to in paragraph (a)(ii) above), containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with the section headed "Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection" of this Prospectus.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on conditions that:

- (a) on an individual basis, full details of all the options granted under the Pre-IPO Share Option Scheme to each of the Directors, senior management, connected persons of our Company and grantees who have each been granted options representing the right to subscribe for more than 500,000 Shares (who are not Directors, members of the senior management or connected persons of the Company) be disclosed in this Prospectus, such details include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted by our Company to the grantees other than those referred to in paragraph (a) above, the following details be disclosed in this Prospectus:
 - (1) the aggregate number of the grantees;
 - (2) the aggregate number of Shares subject to such options;
 - (3) the consideration paid for the grant of such options;
 - (4) the exercise period of each option; and
 - (5) the exercise price for the options;
- (c) the list of all the grantees (including the persons referred to in sub-paragraph (b) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed “Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection” of this Prospectus; and

- (d) the particulars of the exemption being set out in this Prospectus.

Further details of the Pre-IPO Share Option Scheme are set forth in the section headed “Appendix IV — Statutory and General Information — D — Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme — Pre-IPO Share Option Scheme.”

WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(2) AND 4.04(4) OF THE LISTING RULES

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountants’ report the results and statement of financial position of any subsidiaries and/or business acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

According to Guidance letter GL32-12 (“**GL32-12**”) issued by the Stock Exchange in March 2012 (and updated in January, March and October 2014), acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to paragraph 4.12 of GL32-12, the Stock Exchange will ordinarily grant a waiver of Rules 4.04(2) and (4) of the Listing Rules in relation to acquisitions of equity securities in the ordinary and usual course of business of a listing applicant subject to the following conditions, which may be modified if required:

- (a) the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of each acquisition are all less than 5% by reference to the most recent financial year of the applicant’s trading record period;
- (b) the applicant is neither able to exercise any control, nor has any significant influence, over the underlying company or business; and
- (c) the listing document should include the reasons for the acquisitions and a confirmation that the counterparties and the ultimate beneficial owners of the counterparties are independent third parties of the applicant and its connected persons.

On December 31, 2017, Liedao entered into the Unicareer Investment Agreement with, among others, Unicareer, pursuant to which Liedao agreed to acquire certain registered capital in Unicareer from its existing shareholders for a total consideration of RMB18,979,932 and agreed to subscribe for additional registered capital in Unicareer for a total consideration of RMB36,000,000 (the “**Unicareer Acquisition**”).

In addition, the Company proposes to enter into a subscription agreement before Listing with, among others, MoSeeker, pursuant to which the Company will acquire certain preferred shares to be issued by MoSeeker for a total consideration of US\$10,000,000 (the “**MoSeeker Acquisition**”) and together with the Unicareer Acquisition, the “**Acquisitions**”). See the section headed “History, Reorganization and Corporate Structure — Post Track Record Period Acquisition” for further details.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Based on the following reasons, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

- (a) *Ordinary and usual course of business and independent third parties* — Unicareer is principally engaged in the provision of career development and training services for fresh graduates and university students through the use of an online platform, and MoSeeker is principally engaged in the development of recruitment platforms and provision of social recruitment services through the use of social media and mobile communications channel, which are activities complementary and closely related to the existing businesses of our Group. As a result, our Directors are of the view that entering into the Acquisitions is and will be within the ordinary and usual course of business of our Group. In addition, to the best knowledge of our Directors, the counterparties of the Acquisitions and their ultimate beneficial owners are Independent Third Parties.
- (b) *Immateriality* — under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios in relation to the Acquisitions on an aggregate basis are below 5%. The Company considers the Acquisitions to be immaterial in the context of the Group's operations as a whole and therefore a waiver from strict compliance with Rules 4.04(2) and (3) of the Listing Rules will not affect potential investors' assessment of our Company's business and future prospects when considering an investment in our Group.
- (c) *Acquisition of minority interests only and absence of control* — our Group will only acquire a total of (i) approximately 9.9723% of the enlarged registered capital of Unicareer, and (ii) approximately 14.59% of the enlarged issued share capital of MoSeeker, which represents our Group's voting rights in Unicareer and MoSeeker, respectively. As is typical for minority investments, our Group is expected to have the right to appoint one director to the board of directors of each of the Target Companies, but will not be able to control a majority of the board of directors of either of the Target Companies. The director to be appointed by our Group to each of the Target Companies will not be involved in their respective daily management. The founders of each of Unicareer and Moseeker (who are Independent Third Parties) have the right to appoint a majority of the board of directors of Unicareer and Moseeker, respectively. In addition, each of Unicareer and MoSeeker has its independent management and operations team, in which our Group has no participation. The Target Companies will not be treated as our Company's subsidiaries upon completion of the Acquisitions as our Company will not control either of the Target Companies. As the Target Companies will not become subsidiaries of our Company, their respective financial information will not be consolidated in our Company's financial information. We expect that our interests in the Target Companies will be accounted using the equity method of accounting and will be recorded as long term equity investments in our statement of financial position.
- (d) *Impracticality and unduly burdensome* — as (i) our Group only holds a minority interest in each of the Target Companies and will not control the Target Companies, and (ii) neither of the Target Companies will be consolidated into our Company's financial information, we will unlikely be able to have our reporting accountants to gain full access to the Target Companies' financial record in order to fully familiarize with the accounting policies of the Target Companies and to gather and compile the necessary financial information and supporting documents to prepare the financial information of the Target Companies in strict compliance with Rules 4.04(2) and (4) of the Listing Rules. As such, it would be impracticable and unduly burdensome for our Company to disclose the financial information of the Target Companies in this Prospectus in strict compliance with Rules 4.04(2) and (4) of the Listing Rules.
- (e) *Alternative disclosure* — with a view of allowing potential investors to understand our investments in the Target Companies in greater detail, information in relation to the Acquisitions which is

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

comparable to the information that is required for a disclosable transaction under Chapter 14 of the Listing Rules is included in this Prospectus, including, among other things, (i) description of the principal business activities of the Target Companies; (ii) a confirmation that the counterparties and the ultimate beneficial owners of the counterparties of the Acquisitions are Independent Third Parties, (iii) the aggregate value of the consideration for each of the Acquisitions and how it is to be satisfied, (iv) basis upon which the consideration for each of the Acquisitions was determined, (v) the book value of the assets which are the subject of each of the Acquisitions, (vi) the net profits (both before and after taxation) attributable to the assets which are the subject of each of the Acquisitions for the two financial years immediately preceding the transaction, (vii) the reasons for entering into the Acquisitions and the benefits which are expected to accrue to our Company as a result of the Acquisitions and (viii) details of any guarantee and/or other security given or required in connection with the Acquisitions. For details, see “History, Reorganization and Corporate Structure – Post-Track Record Period Acquisitions” of this Prospectus.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) of the Listing Rules require that there must be an open market in the securities for which listing is sought. This normally means that at least 25% of the issuer’s total number of issued shares must at all times be held by the public. Rule 8.08(1)(d) of the Listing Rules provides that, the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK\$10 billion, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public float in successive annual reports after listing. Additionally, a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which the public float of our Company may fall below 25% of the issued share capital of our Company (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised), on the conditions that:

- (i) the minimum public float of our Company should be at the higher of (a) 21.57%, being the percentage of Shares held by the public upon completion of the Global Offering (prior to any exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme); and (b) such percentage of Shares held by the public after the full or partial exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme;
- (ii) we will make appropriate disclosure of the lower percentage of public float required by the Stock Exchange in this Prospectus;
- (iii) we will as soon as practicable announce the percentage of Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to our Company;
- (iv) we will confirm sufficiency of public float in the successive annual reports of our Company after the Listing;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (v) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange; and
- (vi) we will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules.

Based on the minimum Offer Price of HK\$28.50 per share and assuming no exercise of the options granted under the Pre-IPO Share Option Scheme, we expect that our market capitalization will be over HK\$10 billion.

We expect to initially offer 88,000,000 Shares under the Global Offering, representing approximately 17.76% of our enlarged issued share capital immediately after the completion of the Global Offering (assuming that the options granted under the Pre-IPO Share Option Scheme are not exercised). In addition, 13,435,471 Shares held by China Mobile Fund China Mobile Innovation Industry Fund (Shenzhen) Partnership (Limited Partnership) and 5,452,724 Shares held by Huatai China Industry Power Investment Fund Limited Partnership will constitute part of the public float (for further details, see the section headed “History, Reorganization and Corporate Structure — Pre-IPO Investments — 5. Public Float” of this Prospectus). As a result, we expect that 106,888,195 Shares will constitute part of the public float upon completion of the Global Offering, representing approximately 21.57% of our enlarged issued share capital immediately after completion of the Global Offering (assuming that the options granted under the Pre-IPO Share Option Scheme are not exercised). If the Over-allotment Option is exercised in full, the Over-allotment Option Grantors may be required to sell an aggregate of 13,200,000 Shares, in which case the number of Shares that will constitute part of the public float after completion of the Global Offering and full exercise of the Over-allotment Option will increase to 120,088,195, representing approximately 24.23% of our enlarged issued share capital immediately after completion of the Global Offering and full exercise of the Over-allotment Option (assuming that the options granted under the Pre-IPO Share Option Scheme are not exercised).

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Public Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by (i) our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, (ii) any of the respective directors, agents, employees or advisers, or (iii) any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Over-allotment Option Grantors) on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be fixed among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Over-allotment Option Grantors) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, June 22, 2018 and, in any event, not later than Wednesday, June 27, 2018 (unless otherwise determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Over-allotment Option Grantors)). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators and our Company (for itself and on behalf of the Over-allotment Option Grantors) on or before Wednesday, June 27, 2018, the Global Offering will not become unconditional and will lapse immediately.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this Prospectus, and the procedures for applying for our Shares are set out in the section headed "How to apply for Hong Kong Public Offer Shares" in this Prospectus and in the related Application Forms. See the section headed "Underwriting" in this Prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The application procedures for the Hong Kong Public Offer Shares are set forth in the section headed "How to Apply for Hong Kong Public Offer Shares" in this Prospectus and on the relevant Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering” in this Prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this Prospectus and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme).

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, June 29, 2018. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in the section headed “Structure of the Global Offering” in this Prospectus. Assuming that the Over-allotment Option is exercised in full, the Over-allotment Option Grantors may be required to sell up to an aggregate of 13,200,000 additional new Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTRAR AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our Principal Share Registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed our Hong Kong Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our Hong Kong Share Registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Cayman Companies Law and our Articles;
- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of us, the Over-allotment Option Grantors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this Prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the any amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated: (i) the translation between Renminbi and Hong Kong dollars was based on the rate of RMB0.8176 to HK\$1, the exchange rate prevailing on June 5, 2018 published by the PBOC for foreign exchange transactions, and (ii) the translations between U.S. dollars and Hong Kong dollars were based on the rate of US\$1 to HK\$7.8468, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on June 5, 2018.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

TRANSLATION

If there is any inconsistency between the English version of this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English Prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this Prospectus between total and sum of amounts listed therein are due to rounding.

OVER-ALLOTMENT OPTION GRANTORS

Please refer to “Appendix IV — Statutory and General Information — E. Other Information — 13. Particulars of the Over-allotment Option Grantors” for information of the Over-allotment Option Grantors.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Dai Kebin (戴科彬)	Room 2302, Unit C, Building No. 1 Park 1872 International Apartment Balizhuang Beili Chaoyang District Beijing PRC	Chinese
Mr. Chen Xingmao (陳興茂)	Room 1103, Building No.5 Xinji Homeland Beijing PRC	Chinese
Ms. Xu Lili (徐黎黎)	Unit 408, Building No.15 Taicheng Garden Building Xuanwu District Nanjing PRC	Chinese
Non-Executive Directors		
Mr. Shao Yibo (邵亦波)	Unit 2503, Building No. 7 Lane No. 149, Dong'an Road Xuhui District Shanghai PRC	Chinese
Mr. Zuo Lingye (左凌燁)	No. 14, Chaoyangmen South Avenue Chaoyang District Beijing PRC	Chinese
Mr. Ding Gordon Yi (丁毅)	Flat 22A, Block 15 Braemar Hill Mansions 43 Braemar Hill Road Hong Kong	Chinese (Hong Kong)
Independent Non- Executive Directors		
Mr. Ye Yaming (葉亞明)	Unit 5-201 368 Rui Hong Road Hongkou District Shanghai PRC	United States of America
Mr. Zhang Ximeng (張溪夢)	145 Chifeng Road Heping District Tianjin PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Mr. Choi Onward (蔡安活)	10/F, 37 Java Road North Point Hong Kong	Chinese (Hong Kong)

Further information is disclosed in the section headed “Directors and Senior Management” in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Morgan Stanley Asia Limited
46/F, International Commerce Center
1 Austin Road West, Kowloon
Hong Kong

J.P. Morgan Securities (Far East) Limited
28/F, Chater House
8 Connaught Road Central
Central
Hong Kong

Joint Global Coordinators

Morgan Stanley Asia Limited
46/F, International Commerce Center
1 Austin Road West, Kowloon
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
Unit 5808-12, The Center
99 Queen’s Road Central
Hong Kong

UBS AG Hong Kong Branch
52nd Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Joint Bookrunners

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering only)
46/F, International Commerce Center
1 Austin Road West, Kowloon
Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering only)
25 Cabot Square
Canary Wharf
London, E14 4QA
United Kingdom

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

J.P. Morgan Securities (Asia Pacific) Limited
(in relation to the Hong Kong Public Offering only)
28/F, Chater House
8 Connaught Road Central
Central
Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering only)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Huatai Financial Holdings (Hong Kong) Limited
Unit 5808-12, The Center
99 Queen's Road Central
Hong Kong

UBS AG Hong Kong Branch
52nd Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering only)
46/F, International Commerce Center
1 Austin Road West, Kowloon
Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering only)
25 Cabot Square
Canary Wharf
London, E14 4QA
United Kingdom

J.P. Morgan Securities (Asia Pacific) Limited
(in relation to the Hong Kong Public Offering only)
28/F, Chater House
8 Connaught Road Central
Central
Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering only)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Huatai Financial Holdings (Hong Kong) Limited
Unit 5808-12, The Center
99 Queen's Road Central
Hong Kong

UBS AG Hong Kong Branch
52nd Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell
18th Floor,
The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC law

Shihui Partners
Suite 1308, Tower A, Borui Plaza
No. A26 East 3rd Ring North Road
Chaoyang District
Beijing 100026
PRC

As to Cayman Islands law

Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

Legal Advisers to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws

Kirkland & Ellis
26th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law

JunHe LLP
20th Floor, China Resources Building
8 Jianguomenbei Avenue
Beijing
PRC

Reporting Accountants and Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Receiving Bank

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Industry Consultant

China Insights Consultancy Limited
10/F Tomorrow Square
399 West Nanjing Road
Huangpu District
Shanghai
PRC

CORPORATE INFORMATION

Registered Office in the Cayman Islands	Maples Corporate Services Limited P.O. Box 309, Umland House Grand Cayman, KY1 – 1104 Cayman Islands
Headquarters and Principal Place of Business in the PRC	Room 415-3, Building No. 5 Courtyard No. 59, Gaoliangqiaoxie Road Haidian District Beijing PRC
Principal Place of Business in Hong Kong	Unit 402, 4/F, Fairmont Hse. No. 8 Cotton Tree Drive Admiralty Hong Kong
Company Website	<u>www.liepin.com</u> <i>(the information contained on this website does not form part of this Prospectus)</i>
Company Secretary	Ms. Fung Wai Sum (馮慧森) (HKICS, ICSA) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorized Representatives	Mr. Dai Kebin (戴科彬) Room 2302, Unit C, Building No. 1 Park 1872 International Apartment Balizhuang Beili Chaoyang District Beijing PRC Ms. Fung Wai Sum (馮慧森) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Mr. Choi Onward (蔡安活) (Chairman) Mr. Ye Yaming (葉亞明) Mr. Zuo Lingye (左凌燁)
Remuneration Committee	Mr. Zhang Ximeng (張溪夢) (Chairman) Mr. Choi Onward (蔡安活) Mr. Ding Gordon Yi (丁毅)
Nomination Committee	Mr. Dai Kebin (戴科彬) (Chairman) Mr. Ye Yaming (葉亞明) Mr. Zhang Ximeng (張溪夢)

CORPORATE INFORMATION

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre, 183 Queen's Road East,
Hong Kong

Compliance Advisor

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road, Central
Hong Kong

Principal Bank

Industrial and Commercial Bank of China
No.110, Jianguo Road,
Chaoyang District
Beijing
PRC

INDUSTRY OVERVIEW

This section contains certain information, statistics and data which are derived from a commissioned report from CIC, an Independent Third Party (the “CIC report”). The information from official government publications, industry sources and the CIC report may not be consistent with information available from other sources within or outside the PRC and Hong Kong. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. However, neither we nor any other party involved in the Global Offering have independently verified such information, and neither we nor any other party involved in the Global Offering are giving any representation as to the accuracy or completeness of such information. As such, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this document. For a discussion of risks relating to our industries, see the section headed “Risk Factors — Risks Relating to Our Business and Industry” in this prospectus.

SOURCES OF THE INDUSTRY INFORMATION

We have engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the human resources services market in China for use in this prospectus. CIC provides industry research and strategic market insights. The information from CIC disclosed in the document is extracted from the CIC report, a report commissioned by us for a fee of RMB650,000, and is disclosed with the consent of CIC. CIC has conducted detailed primary research, which involved discussions with certain leading industry experts and leading industry participants. CIC has also conducted secondary research which involved information and statistics published by government authorities, business reports, independent research reports and data based on its own research database.

In compiling and preparing the CIC report, CIC made the following assumptions:

- China’s social, economic and political environment is likely to remain stable and the economic development is likely to experience a steady growth in the forecast period;
- related industry key drivers are likely to drive the market in the forecast period; and
- there will be no subversive changes to related industries, including force majeure or industry regulations that may materially affect industry participants.

CIC’s projections are made based on various market determinants and the respective coefficients assigned to a market determinant which indicate their relative importance, as well as the analysis of historical data and underlying market drivers. The market determinants represent both subjective assumptions and objective factors. Therefore, the projected data may not be consistent with the market data.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC report.

Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the CIC report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF THE PRC ECONOMY GROWTH AND TRANSFORMATION

China’s real GDP of approximately RMB79.6 trillion in 2017 ranks second in the world, and is expected to reach approximately RMB107.3 trillion in 2022, representing a CAGR of approximately 6.2%. In addition, per

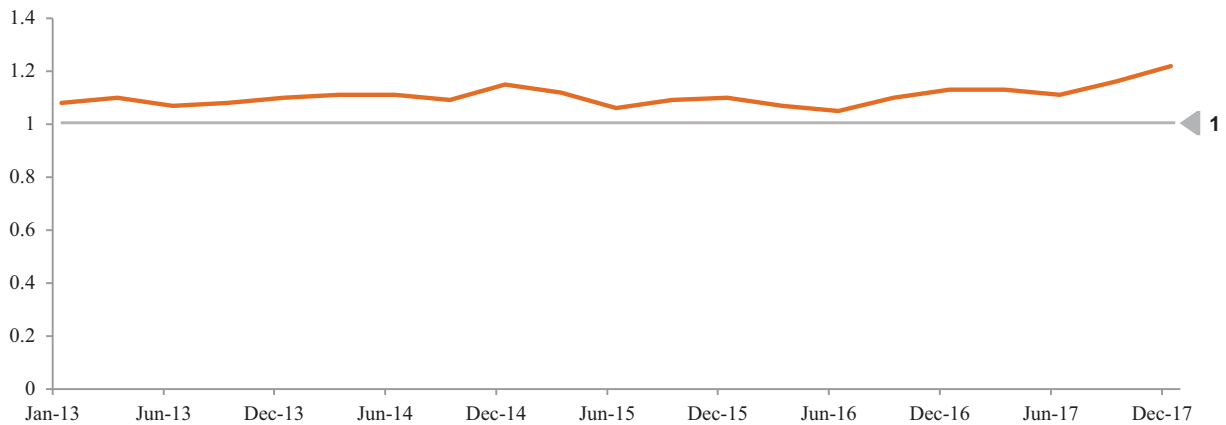
INDUSTRY OVERVIEW

capita disposable income of urban households in China increased from approximately RMB26,955 in 2013 to RMB36,396 in 2017, and is projected to continue increasing to reach RMB52,099 in 2022.

Over the past decade, consumption upgrade and technology innovations in China have been steering its structural transformation towards a more consumption-driven and technology-oriented economy, characterized by increasing internet penetration rate and proliferation of technology-empowered online services and products.

As a result of China's rapid economic growth and structural transformation, businesses have demonstrated an increasing and pressing demand for mid- to high-end talents in order to compete more effectively. In particular, businesses in fast-growing private sectors such as technology and financial services, especially SMEs, have become a key driver for the increasing demand for high-quality talents. The following charts illustrate the demand-to-supply ratio of job vacancy available to job seekers in china as well as the demand ratio for mid- to high-end talents in China for the periods presented.

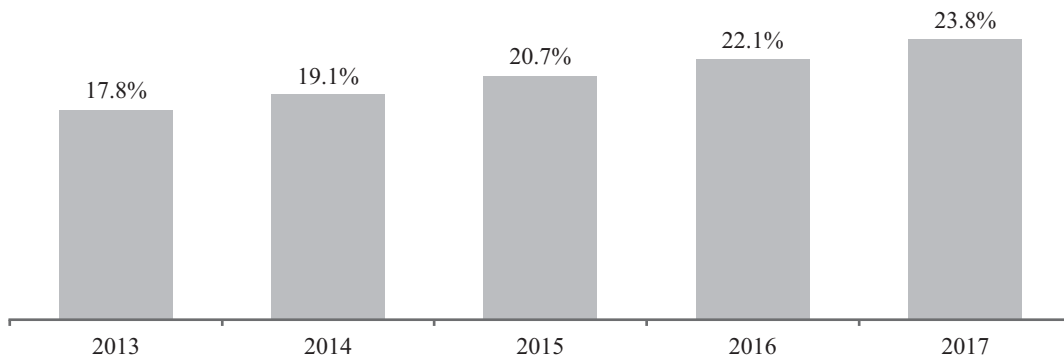
The demand-to-supply ratio in the China labor market, 2013-2017



Source: CIC report

Note: The demand-to-supply ratio of labor force is calculated as the total number of job vacancies divided by the number of job applicants as of a given time

The demand ratio for mid- to high-end talents, 2013-2017



Source: CIC report

Notes: Demand ratio for mid- to high-end talents equals to the quotient of the total demand for mid- to high-end talents divided by the total demand for talents. Mid- to high-end talents refer to job positions with an annual salary of at least RMB100,000.

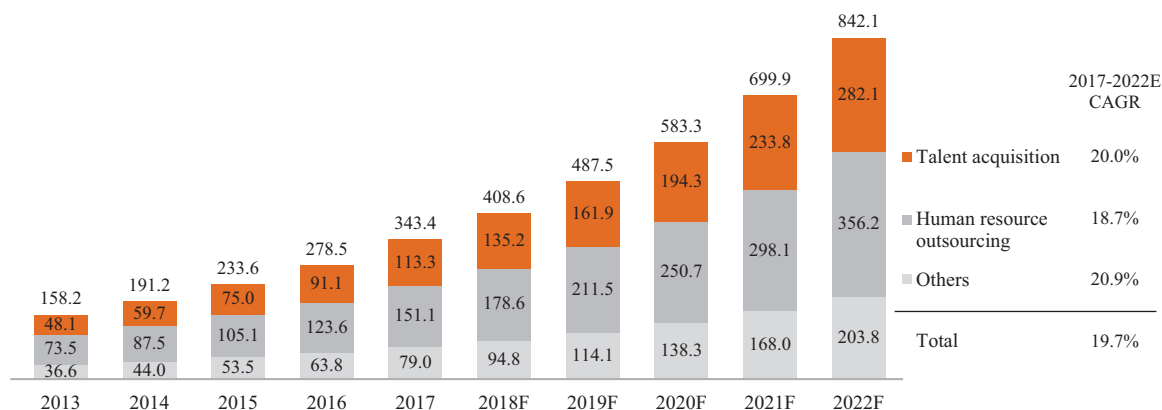
INDUSTRY OVERVIEW

OVERVIEW OF THE PRC HUMAN RESOURCE SERVICES MARKET

Human resource services market in China is composed of a variety of diversified services including (i) talent acquisition services, (ii) human resources outsourcing services and (iii) other human resource services. We primarily operate within the talent acquisition services segment, which principally consists of headhunting and executive search, RPO, online recruitment related services, and campus recruitment services.

As a fast-growing industry, the size of the human resources services market in China in terms of total revenue grew from approximately RMB158.2 billion in 2013 to RMB343.4 billion in 2017, representing a CAGR of 21.4%, and is expected to increase to RMB842.1 billion in 2022, representing a CAGR of 19.7%. The key drivers for the fast growth of the human resources services market in China include abundant and increasing budget of businesses for human resources services, their increasing willingness to increase spending on high-quality customized services, as well as continued government policy and financial support. The following chart demonstrates the total market size of the human resources service market in China in terms of total revenue and projected budget of businesses during the periods presented.

Market size of the human resource services market, China, 2013-2022F (RMB in billions)



Source: CIC report

OVERVIEW OF THE PRC TALENT ACQUISITION SERVICES MARKET

Market Overview

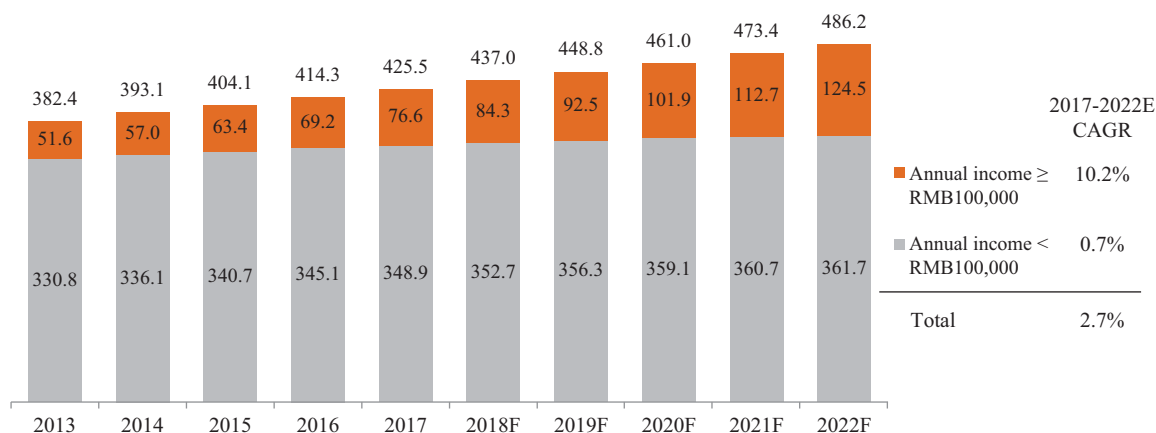
Talent acquisition services in China primarily refer to solutions addressing businesses' hiring demands, including headhunting and executive search, RPO, online recruitment related services, and campus recruitment services. Headhunting and executive search involves a multi-step process where a professional service provider is retained by a business customer to identify and acquire potential job candidates. With respect to RPO, business customers outsource their entire hiring process to third-party service providers.

Market Segmentation

The talent acquisition services market in China can be generally divided into two market segments based on talents' annual salary, with one covering mid- to high-end talents with an average annual salary of at least RMB100,000 and another serving talents who have an average annual salary of less than RMB100,000. Driven by the talent upgrade and increasing demand for mid- to high-end talents, the total population of mid- to high-end talents in urban areas increased from approximately 51.6 million in 2013 to 76.6 million in 2017 and is expected to reach 124.5 million in 2022, representing a CAGR of 10.2%. The following chart demonstrates the total population of urban employees in China based on annual income during the periods presented.

INDUSTRY OVERVIEW

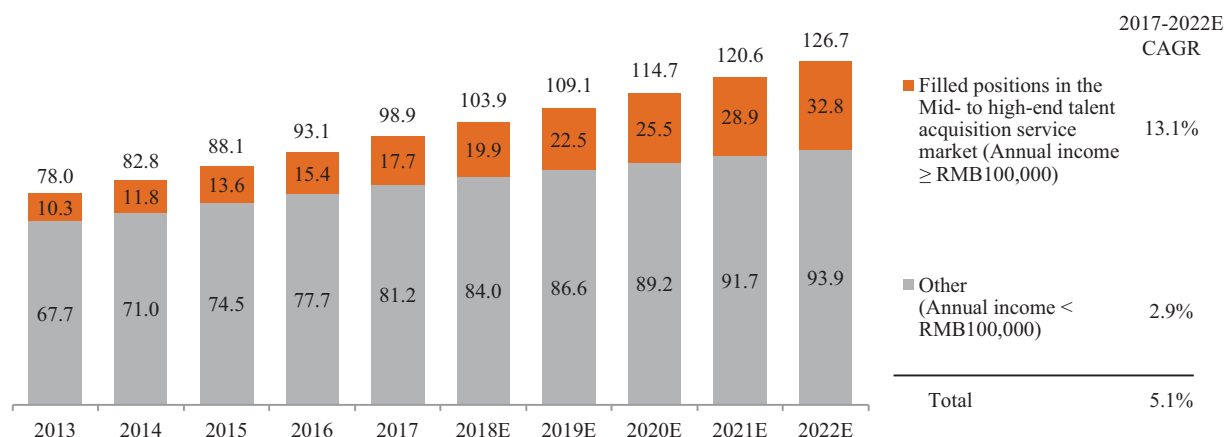
Breakdowns of number of urban employees by annual income, China, 2013-2022F (in millions)



Source: CIC report

The following chart demonstrates the market size of PRC talent acquisition services market in terms of number of filled job positions.

Breakdown of filled positions by annual salary in talent acquisition services market, China, 2013-2022F (in millions)



Source: CIC report

Mid- to High-End Talent Acquisition Services Market

We currently focus on competing within the mid- to high-end talent acquisition services market in China. Talents in this market are primarily middle-level managers and executives with several years of work experience. They are generally passive job seekers who currently enjoy a stable and well-paid position but do not refuse to connect to more career opportunities. In addition, mid- to high-end talents tend to rely more on professional social network to connect to high-quality career opportunities and enrich their professional careers.

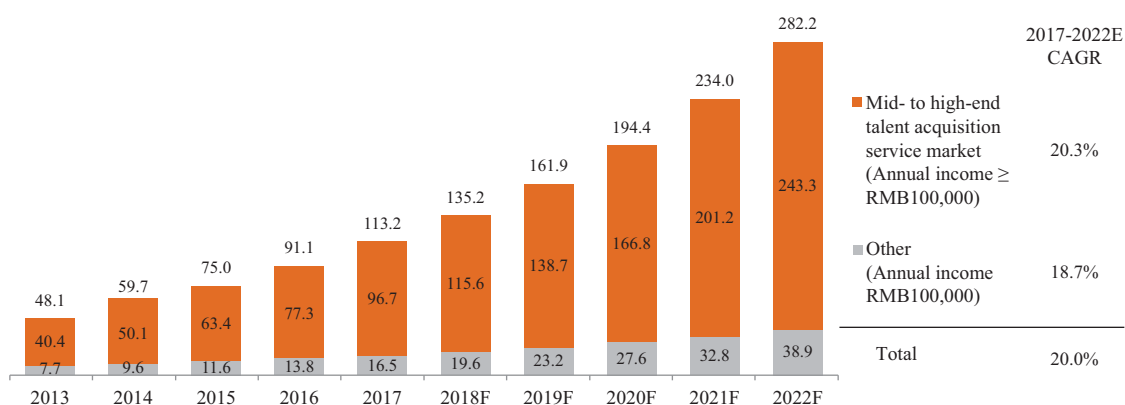
The continued growth of the mid- to high-end talent acquisition services market has been driven by a variety of factors. First and foremost, the ongoing talent upgrade and economic transformation have required businesses to continue to focus on mid- to high-end talent acquisition, and motivated individual talents to create and maintain a comprehensive and dynamic professional profile. The emergence and popularity of online social networking has been fostering a more engaging and interactive professional culture among talents, headhunters

INDUSTRY OVERVIEW

and businesses in China. Furthermore, technology has been reshaping the talent acquisition services market. In particular, AI and big data analytics have allowed talent acquisition service providers to deliver more accurate and efficient matching results and more personalized services. Additionally, the growing talent pool of mid- to high-end job candidates is continually upgrading and becoming more sophisticated, social and international and demanding more personalized talent acquisition services.

Benefitting from the foregoing drivers, the market size of the mid- to high-end talent acquisition services market in China in terms of total revenue reached approximately RMB96.7 billion in 2017 and is expected to continue to grow to reach approximately RMB243.3 billion in 2022, representing a CAGR of approximately 20.3%, outpacing the CAGR of 18.7% of the growth of the market of talents with an average annual salary less than RMB100,000 during the same period. The revenue generated from mid- to high-end talent acquisition services accounts for 80% of the total revenue from the entire talent acquisition services market. The following chart demonstrates the total market size of the talent acquisition services market in China in terms of total revenue during the periods presented.

Size of the talent acquisition services market, China, 2013-2022F (RMB in billions)



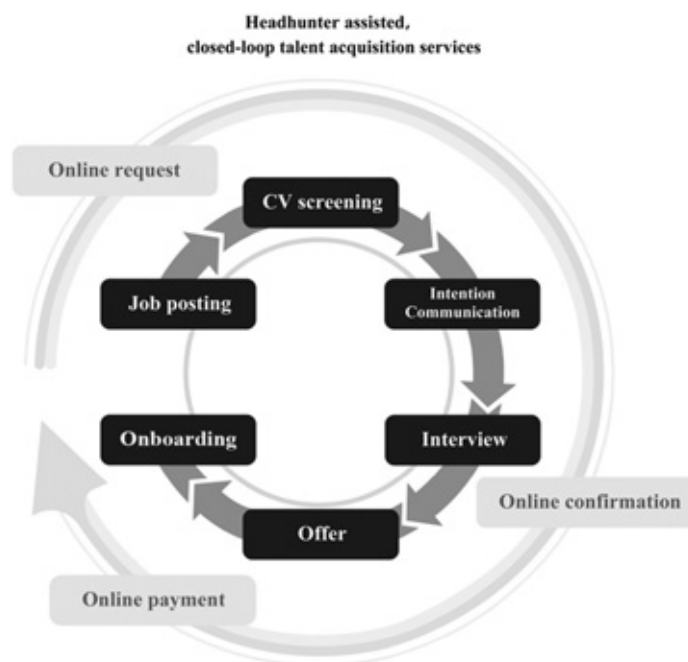
Source: CIC report

The PRC mid- to high-end talent acquisition services market was predominantly served by over 17,000 traditional offline headhunting firms, and approximately 350,000 individual headhunters as of December 31, 2017. In 2017, this market had a total size of approximately RMB96.7 billion in terms of total revenue. We are the leader in the mid- to high-end talent acquisition services market in China with a market share of approximately 0.85% in terms of revenue in 2017. The PRC mid- to high-end talent acquisition market was comprised of an online segment with a total market size of approximately RMB0.9 billion and an offline segment of approximately RMB95.8 billion. In this highly fragmented market, offline executive search firms mainly focus on talents with an annual salary over RMB300,000, and the remaining smaller traditional headhunters primarily focus on talents with an annual salary between RMB100,000 and RMB300,000. The online players in the talent acquisition services market are mainly us, job boards, and professional social networks. Online job boards are primarily focused on entry-level talents with an average annual salary of less than RMB100,000 while we are focused on mid- to high-end talents. The professional social networking platforms in China primarily provide premium membership to individual users, advertising and marketing and other services. They only generate a smaller portion of their revenue by providing talent acquisition services to business customers. The size of the entire PRC online talent acquisition services market, including both mid- to high-end talent and entry-level talent acquisition services, was approximately RMB10.2 billion in terms of revenue in 2017, of which we had a market share of approximately 8.1%. The size of the PRC offline talent acquisition services market, which includes both mid- to high-end talent and entry-level talent acquisition services, was approximately RMB103 billion in terms of revenue in 2017.

INDUSTRY OVERVIEW

Online talent acquisition services have become increasingly popular particularly among mid- to high-end talents and high-quality businesses in fast-growing industries. From the talents' perspective, online services allow them to create, maintain and share a rich and dynamic professional profile that appeals to the most relevant employers throughout their career lifecycles. From the hiring businesses' perspective, the intense competition for talents requires them to move away from traditional offline headhunters to seek customized, closed-loop talent solutions that can match them with the most suitable candidates at scale. This shifting industry landscape represents a significant market opportunity for online talent acquisition platforms to further increase their market shares. We believe we are well positioned to capture this tremendous growth opportunity by leveraging our diverse product/service offerings and strong technology and data capabilities.

The mid- to high-end talent acquisition services market in China had largely been underserved by traditional offline recruiting firms until the emergence of online headhunter-assisted, closed-loop talent acquisition services tailored to the different hiring needs of business customers. In 2015, we launched *Interview Express* (面試快), the first headhunter-assisted, closed-loop online talent acquisition service offered in China. The following flowchart illustrates the major steps involved in a typical headhunter-assisted, closed-loop hiring process.

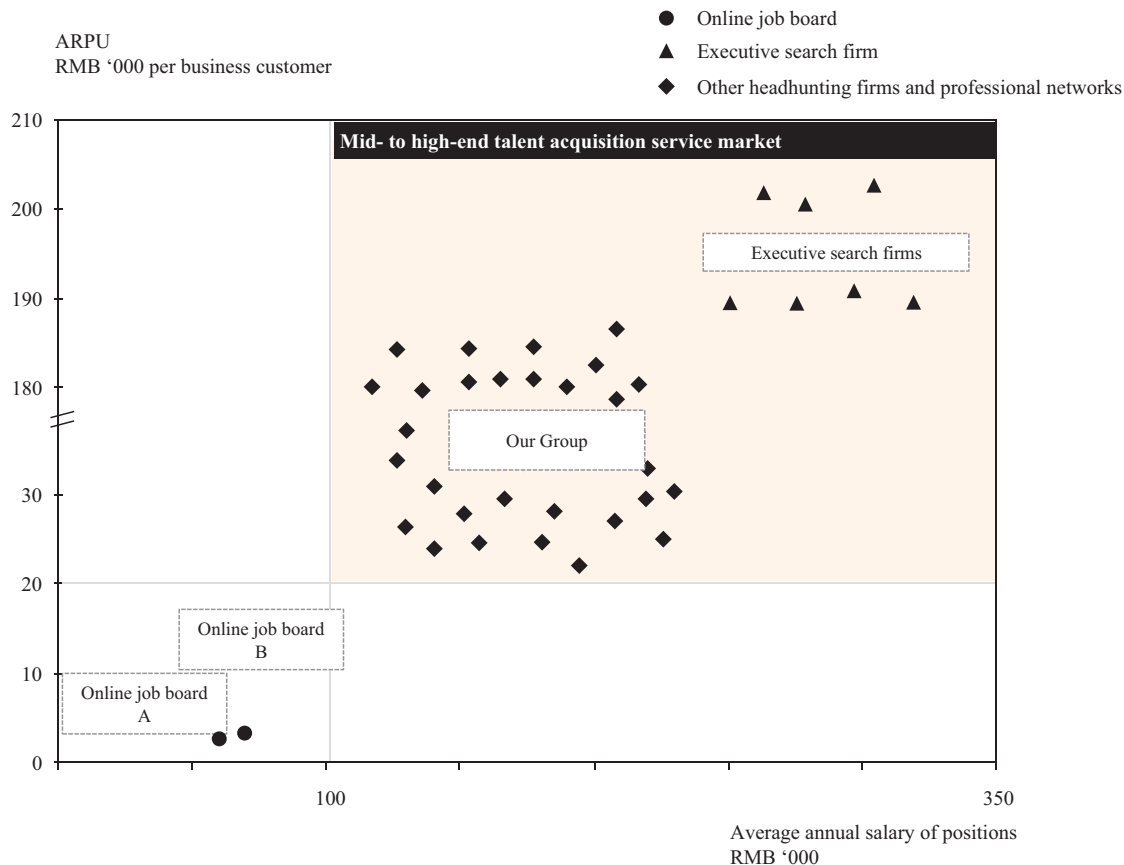


Competitive Landscape

We primarily focus on providing customized, technology-driven talent acquisition services to mid- to high-end talents in China, which distinguishes us from online job boards and recruiting services catering to businesses hiring talents with an average annual salary less than RMB100,000. Within the mid- to high-end talent acquisition services market, there are also a limited number of offline headhunters and executive search firms that are primarily focused on serving job candidates with an average annual salary of more than RMB300,000. Within our market, online professional social networks are more focused on social networking, advertising and marketing solutions. Therefore, we do not directly compete with these players within our targeted market. Furthermore, by virtue of unique user profiles as well as the level of personalization and technology required to serve this group of mid- to high-end talents, it is challenging for online service providers, such as traditional online job boards, to break into our market. The following diagram illustrates our market position in terms of average annual salary of target talents as well as average revenue per customer compared to other major players in the PRC talent acquisition services market.

INDUSTRY OVERVIEW

Competitive landscape in talent acquisition services market, 2017



Source: CIC report

Note: Our Group's ARPU is calculated by talent acquisition services revenue divided by number of business customer in a given period; the online job board firms' ARPUs are calculated by revenue generated by online recruitment services divided by the respective number of business customer during a given period. For Our Group, business customers refer to verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription. For Online Job Board A, business customers refer to verified employers utilizing its online recruitment services. For Online Job Board B, business customers refer to business customers that purchase its online recruitment services during a specified period. Such definitions are based on publicly available information provided by such online job boards.

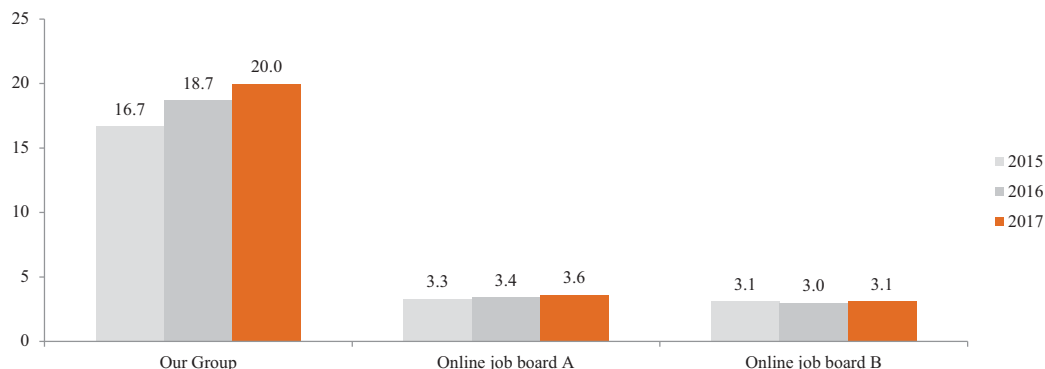
Chinese mid- to high-end talent acquisition services market is highly fragmented, with a total of over 17,000 recruiting firms, most of which are traditional offline recruiting firms, and approximately 350,000 individual headhunters and the top 10 service providers only accounting for 2.9% in terms of market share by revenues in 2017. In 2017, the average commission rate of headhunters in China was approximately 22%.

In terms of total revenue, we are the leader in 2017 within the PRC talent acquisition services market focused on talents with an average annual salary of at least RMB100,000, representing a total market share of approximately 0.85%.

The diagram below indicates that our average revenue per customer from 2013 to 2017 enjoys an upward growth trend as we continue to roll out new headhunter-assisted, closed-loop talent services that charge our business customers at a higher rate compared to basic talent acquisition services and drive revenue retention of our existing business customers. Compared with ours, average revenues per customer of other market players in the PRC talent acquisition services market remained generally flat over the periods presented.

INDUSTRY OVERVIEW

Online talent acquisition services ARPU comparison, 2015-2017
(RMB '000 per business customer)



Source: CIC report

Note: Our Group's ARPU is calculated by talent acquisition services revenue divided by number of business customer during a given period; the online job board firms' ARPUs are calculated by revenue generated by online recruitment services divided by the respective number of business customer during a given period.

Monetization

Talent acquisition services providers generally monetize through three different channels, namely subscription model, transaction-based model and consultation services model. Under the subscription model, business customers pay talent acquisition service providers for a customized package of services over an agreed period of time, including CV downloading, talent recommendation and intent communication with potential candidates. Under the transaction-based model, talent acquisition service providers typically charge a fixed rate based on the offered annual salary of a particular job posting upon the completion of certain hiring milestone, such as interview and onboarding of the relevant candidate. The consultation services model refers to a monetization channel where a talent acquisition service provider charges individual users for consultation services, such as career coaching and CV advisory services. Currently we primarily provide our talent acquisition services to our business customers based on the subscription model and transaction-based model.

Future Trends and Growth Drivers

Growing demand for mid- to high-end talents

The cumulative effect of continuous economic structural transformation and technology development has caused seismic changes in hiring demand for high-quality talents in China. Businesses in China are increasingly focused on the hiring mid- to high-end talents with more sophisticated, diverse and international backgrounds to enhance their human capital assets.

Structural shift from job boards to technology-enabled talent searches

Due to the upsurge in talent demand and advancement in AI and data technologies, the talent acquisition services market in China has been undergoing a structural shift from oversaturated and outdated online job boards to technology-empowered talent acquisition services with enhanced matching and recommendation accuracy and efficiency. This trend is particularly true with respect of hiring of mid- to high-end talents who are generally considered to be passive job seekers largely underserved by online job boards and other traditional recruiting firms. More importantly, technology has been allowing online talent acquisition service providers to deliver customized, closed-loop talent acquisition services by leveraging a large amount of user and transaction

INDUSTRY OVERVIEW

data generated from a one-stop, integrated online talent acquisition services platform. In 2017, the average percentage of urban job seekers who had utilized online talent acquisition services was approximately 85.5%, indicating a relatively high penetration rate of online talent acquisition service platforms.

Increasing budget to pay for high-quality customized talent services

Driven by pressing hiring needs and increasing level of competition for talents, business customers are channeling more of their human resources spending budget towards high-quality customized talent services. Particularly, business customers will continue to seek end-to-end talent services provided by an integrated talent service platform, including not only headhunter-assisted hiring solutions but also other value-added human resources services.

Technology advancement and data capabilities to enhance service quality and efficiency

Technology and data analytics have been playing an instrumental role in improving the service quality and efficiency of talent acquisition services and facilitating the online migration of talent acquisition services traditionally provided by offline recruiting firms and headhunters. Particularly, AI technology has enabled talent acquisition service providers to generate more accurate matching results that greatly alleviates the information asymmetry between headhunters and business customers. In addition, big data analytics has allowed online talent acquisition services platforms to accumulate a wealth of valuable user and transaction data and leverage such data to continue to improve their service and product offerings. Furthermore, the increasing mobile penetration in China has been fostering an engaging and interactive social networking environment for talents to expand their professional network, thereby potentially awakening their demand for continuous career advancements.

OVERVIEW OF THE PRC PROFESSIONAL CAREER SERVICES MARKET

Market Overview

The professional career services market in China mainly addresses professionals' increasing demand for career development and advancement. This market primarily encompasses career coaching, CV advisory services, professional skill training and other related career services, but does not include degree- and certificate-oriented training. Currently, we are in the process of expanding our service offerings into career coaching and advisory matters by leveraging our large and growing high-quality talent base.

Market Size

Similar to talent acquisition services provided to mid- to high-end talents, the potential market size of professional career services provided to talents with an average annual salary of at least RMB100,000 has experienced and is expected to continue to experience faster growth than the market segment of talents with an annual salary of less than RMB100,000. The total potential market size in terms of total revenue of mid- to high-end professional career services market grew from approximately RMB13.6 billion in 2013 to RMB47.1 billion in 2017, and is expected to continue to increase to RMB201.4 billion in 2022, representing a CAGR of approximately 33.7% from 2017 to 2022.

Future Growth Trends and Growth Drivers

Increasing demand for career development of high-quality talents

Along with China's economy structural transformation, businesses are faced with pressing demand for high-quality professionals and thus release more positions. Such positions inspire individuals' awareness of self-development, leading to increasing talent searching for professional career services.

INDUSTRY OVERVIEW

Growing disposable income and personal consumption upgrade

Disposable income and personal consumption of China's population has been growing and is expected to keep growing in line with its economic growth and structural transformation towards a more consumption-oriented economy. The cumulative effect of decades of rising disposable income and living standards has caused seismic changes in general consumption patterns in China. Chinese individuals are increasingly spending more of their income to advance their careers and enrich their professional lives.

Unbalanced demand and supply of high-quality professional career services

The professional career services market is a newly emerging market in China and is currently underserved by a limited number of offline service providers. This underscores a rising need for reputable service providers to leverage their robust technology and service capabilities to provide customized, high-quality professional career services.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our primary businesses commenced in 2011 with the launch of our website “liepin.com” which provides job seekers with a variety of tools and solutions to match their talent with suitable career opportunities, and connect them with high-quality headhunters and employers. We also offer customized talent acquisition services to business customers that allow them to identify and acquire specific talent within our massive candidate base in an efficient and result-driven manner.

Mr. Dai is the principal founder of our Group. Mr. Dai has extensive experience in the Internet and talent acquisition industries. He was selected as one of China’s 40 business elites under 40 by Fortune (Chinese version) in 2014 and 2015. For details of Mr. Dai’s biography, see the section headed “Directors and Senior Management” of this Prospectus.

Our business operations in the PRC are primarily conducted through three entities, Wisest, TD Elite and Liedao. In preparation for the Global Offering and in order to streamline our corporate structure, we have implemented the Reorganization to consolidate our interests in Wisest, TD Elite and Liedao. For details of the Reorganization and changes in shareholding in our principal subsidiaries, see the sub-section headed “Corporate Restructuring” in this section and the section headed “Appendix IV — Statutory and General Information — Further Information about our Group — Changes in the Capital of Our Subsidiaries” of this Prospectus, respectively.

BUSINESS MILESTONES

The following is a summary of our Group’s key business development milestones:

Year	Milestone
2011	Our online business commenced and our website “liepin.com” was launched Completed our series pre-A and series A round of financing led by Matrix
2012	Completed our series B round of financing led by Matrix
2014	Completed our series C round of funding led by Warburg Pincus Launched <i>Liepin Tongdao</i> (獵聘同道), a mobile app which connects professionals, headhunters and human resources managers
2015	Launched <i>Interview Express</i> (面試快), our headhunter-assisted closed-loop product
2016	Completed our series D round of financing led by China Mobile Fund and Matrix Launched <i>Onboarding Express</i> (入職快), our headhunter-assisted closed-loop product
2017	Recorded approximately 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters on our online platform Launched 360-degree CV review and downloading services Launched CV advisory services to registered individual users

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities, date of incorporation and date of commencement of business of each member of our Group that made a material contribution to our results of operations during the Track Record Period are shown below:

Name of company	Principal business activities	Date of establishment and commencement of business
Wisest	Provision of offline talent services	September 7, 2006
TD Elite	Provision of talent services through our website “liepin.com”	July 27, 2015
Liedao	Investment holding	April 25, 2014

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Shareholding changes of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on January 30, 2018 as the ultimate holding company of our Group. The authorized share capital of our Company is US\$100,000 divided into 1,000,000,000 shares with a par value of US\$0.0001 each upon incorporation.

Each of May Flower, Xiaoying Information Technology Co., Limited (“**Xiaoying**”) and Wisest Holding Co., Limited (“**Wisest Holding**”) held one share in our Company as of January 30, 2018. For details of May Flower, Xiaoying and Wisest Holding, see the sub-section headed “Our Structure upon Completion of the Reorganization and Immediately Prior to the Global Offering” in this section.

For subsequent shareholding changes of our Company as part of the Pre-IPO Investments and Reorganization, see the sub-sections headed “Pre-IPO Investments” and “Corporate Restructuring” in this section.

Pre-IPO Share Option Scheme

On March 30, 2018, the Board adopted the Pre-IPO Share Option Scheme. As at the Latest Practicable Date, the number of underlying Shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme amounts to 37,715,511 Shares, representing approximately 7.61% of the issued Shares immediately following the completion of the Global Offering (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised). As of the Latest Practicable Date, we have conditionally granted options to 138 participants under the Pre-IPO Share Option Scheme. The exercise prices of all the options granted under the Pre-IPO Share Option Scheme ranges from US\$0.0268 to US\$2.50. A summary of the principal terms of the Pre-IPO Share Option Scheme is set forth in the section headed “Appendix IV — Statutory and General Information — Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme — Pre-IPO Share Option Scheme” in this Prospectus. Please also see “Waivers from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in relation to the Pre-IPO Share Option Scheme” in this Prospectus.

Voting Agreements

Voting Agreements with Xiaoying and Wisest Holding

Each of Xiaoying and Wisest Holding has entered into a Voting Agreement dated May 2, 2018 with May Flower (each, a “**Shareholder Voting Agreement**”) before Listing, pursuant to which each of Xiaoying and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Wisest Holding granted May Flower, as their respective true and lawful attorney, a voting proxy over all Shares that each of Xiaoying and Wisest Holding holds in our Company.

Pursuant to the Shareholder Voting Agreements, during the term of the relevant agreements, May Flower shall have the right to vote the relevant Shares, in its sole discretion, on all matters submitted to a vote at a meeting of Shareholders or by written resolution of the Shareholders, except for matters in respect of which May Flower is required to abstain from voting pursuant to the Listing Rules or any other applicable laws and rules.

The Shareholder Voting Agreement shall become effective from the date of signing and shall be effective for an indefinite period until the earliest of: (i) May Flower acquiring control of over 50% of the total number of Shares then in issue; (ii) May Flower and Mr. Dai (by themselves or through any affiliate, but excluding any Shares controlled by May Flower through the Investor Voting Agreements) cease to hold or control the voting rights with respect to 15% or more of the total number of Shares then in issue; (iii) the date our Company ceases to be listed on the Stock Exchange; (iv) a written agreement among the parties to the relevant Shareholder Voting Agreement to terminate the relevant Shareholder Voting Agreement; (v) May Flower or any of its affiliates commits any material breach of or omits to observe any of its material obligations or undertakings under the relevant Shareholder Voting Agreement and, if such breach or omission can be rectified, such breach or omission is not rectified within ten days of the relevant shareholder giving May Flower notice of such breach or omission; and (vi) when Xiaoying or Wisest Holding ceases to hold any Shares or when it enters into any binding agreement to sell all of the Shares held by it, provided that if such sale is not completed for whatever reason, the relevant arrangements under the relevant Shareholder Voting Agreement shall resume in full force and effect upon the termination, withdrawal or lapse of such sale.

Parties to the Shareholder Voting Agreements further agreed that (i) they shall not, and shall procure their affiliates and concert parties not to, acquire any additional voting rights in our Company without the prior written consent of each other party, if as a result of such acquisition any of the parties or their respective affiliates and concert parties will become obligated to extend a mandatory general offer in respect of all the Shares pursuant to Rule 26 of the Takeovers Code, unless such obligation is waived by the SFC; and (ii) if a mandatory general offer in respect of all the Shares is triggered pursuant to Rule 26 of the Takeovers Code by any acquisition of Shares by any party to the Shareholder Voting Agreements or any of its affiliates and concert parties, such party and/or its applicable affiliates and concert parties shall be solely liable to pay any and all consideration, fees, costs and expenses for such mandatory general offer and shall indemnify each other parties, their respective affiliates and concert parties against any loss, liability, cost, expense, claim, action, demand or damages incurred by any of them arising out of or in connection with such mandatory general offer.

Pursuant to the Shareholder Voting Agreements, if any of Xiaoying and Wisest Holding proposes to transfer any of the Shares held by it in the Company, it needs to offer such Shares to May Flower first and it will only be able to sell such Shares to third parties if May Flower does not elect to purchase such Shares or fails to elect to purchase such Shares within the required period.

Voting Agreement with Matrix Partners, Tenzing and Giant Lilly

Each of (i) Tenzing Holdings 2011 Ltd. (“**Tenzing**”), (ii) Matrix Partners China I and Matrix Partners China I-A, L.P. (collectively, “**Matrix Partners**”) and (iii) Giant Lilly (together with Tenzing and Matrix Partners, the “**Investors**”) has entered into a Voting Agreement dated May 2, 2018 with May Flower (each, an “**Investor Voting Agreement**”) before Listing, pursuant to which the Investors granted May Flower and Mr. Dai, as their respective true and lawful attorney, a voting proxy over (a) all the Shares held by Tenzing and (b) the number of Shares held by each of Matrix Partners and Giant Lilly corresponding to the lower of (x) the number of Shares representing 10% of the total number of Shares in issue upon the Listing (as may be adjusted for any share split, reverse share split, share dividend or any similar event, or any exercise of the Over-allotment Option or options granted under the Pre-IPO Share Option Scheme); and (y) (if the number of Shares held by any of Matrix Partners or Giant Lilly is less than 10% of the total number of Shares then in issue) the total number of Shares held by it at such time.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Pursuant to each of the Investor Voting Agreements, during the term of the relevant voting arrangements as described below, May Flower shall have the right to vote the relevant Shares, in its sole discretion, on all matters submitted to a vote at a meeting of the Shareholders or by written resolution of the Shareholders, except for (a) matters relating to any privatization or delisting proposal or a scheme of arrangement proposed by May Flower or any of its affiliates, (b) matters in respect of which May Flower is required to abstain from voting pursuant to the Articles, the Listing Rules or any other applicable laws and rules, (c) matters relating to any notifiable transactions under Chapter 14 of the Listing Rules which require the approval of Shareholders, and (d) matters relating to any connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules which require the approval of Shareholders, in each case other than any matter relating to hostile takeover. Each Investor shall retain the right to revoke the proxy granted under their respective Investor Voting Agreement to the extent any such vote in the manner proposed by May Flower would be reasonably expected to (i) violate or conflict with any law, rule or regulation applicable to such Investor or its affiliates, our Company or May Flower, (ii) defuse, or conflict with, any rights of such Investor as a Shareholder under applicable law, (iii) adversely affect the value of the Shares held by such Investor disproportionately to the Shares not covered by the relevant Investor Voting Agreement, (iv) adversely affect the reputation of such Investor or its affiliates in any material respect, or (v) violate or otherwise be inconsistent with the fiduciary duties of such Investor or any affiliate thereof to its beneficial holders under applicable law.

Pursuant to each of the relevant Investor Voting Agreements entered into by Matrix Partners and Giant Lilly, May Flower has also agreed from the date of the Listing to vote in favor of (i) the appointment of one nominee of Matrix Partners to our Board for so long as Matrix Partners, Tenzing and/or their affiliates in aggregate hold not less than 10% of the total number of Shares then in issue, and (ii) the appointment of one nominee of Giant Lilly to our Board for so long as Giant Lilly and/or its affiliates in aggregate hold not less than 10% of the total number of Shares then in issue.

Parties to each of the Investor Voting Agreements have further agreed that during the term of the relevant voting arrangements as described below: (i) they shall not, and shall procure their affiliates and concert parties not to, acquire any additional voting rights in our Company without the prior written consent of each other party, if as a result of such acquisition any of the parties or their respective affiliates and concert parties will become obligated to extend a mandatory general offer in respect of all the Shares pursuant to Rule 26 of the Takeovers Code, unless such obligation is waived by the SFC; and (ii) if a mandatory general offer in respect of all the Shares is triggered pursuant to Rule 26 of the Takeovers Code by any acquisition of Shares by any party to such Investor Voting Agreement or any of its affiliates and concert parties, such party and/or its applicable affiliates and concert parties shall be solely liable to pay any and all consideration, fees, costs and expenses for such mandatory general offer and shall indemnify each other parties, their respective affiliates and concert parties against any loss, liability, cost, expense, claim, action, demand or damages incurred by any of them arising out of or in connection with such mandatory general offer.

The voting arrangements under each of the Investor Voting Agreements entered into with Matrix Partners and Giant Lilly shall become effective from the date of Listing and shall be effective until the earliest of: (i) the fifth anniversary of the date of Listing; (ii) May Flower acquiring control of over 50% of the total number of Shares then in issue; (iii) May Flower and Mr. Dai (by themselves or through any affiliate, but excluding any Shares controlled by May Flower through the Investor Voting Agreements) in aggregate cease to hold or control the voting rights with respect to 15% or more of the total number of Shares then in issue; (iv) the date our Company ceases to be listed on the Stock Exchange; (v) a written agreement among the parties to the relevant Investor Voting Agreement to terminate the relevant Investor Voting Agreement; (vi) May Flower or any of its affiliates commits any material breach of or omits to observe any of its material obligations or undertakings under the relevant Investor Voting Agreement and, if such breach or omission can be rectified, such breach or omission is not rectified within ten days of the relevant Investor giving May Flower notice of such breach or omission; (vii) May Flower ceasing to be 100% owned (directly or indirectly) by Mr. Dai, or Mr. Dai ceasing to be the sole director of May Flower; (viii) the death or incapacity of Mr. Dai; and (ix) in respect of the relevant Investor, when it ceases to hold any Shares or when it enters into any binding agreement to sell all of the Shares held by it, provided that if such sale is not completed for whatever reason, the relevant arrangements under the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

relevant Investor Voting Agreement shall resume in full force and effect upon the termination, withdrawal or lapse of such sale.

The voting arrangements under the Investor Voting Agreement entered into with Tenzing shall become effective from the date of Listing and shall be effective for an indefinite period until the earliest of: (i) May Flower acquiring control of over 50% of the total number of Shares then in issue; (ii) May Flower and Mr. Dai (by themselves or through any affiliate, but excluding any Shares controlled by May Flower through the Investor Voting Agreement) in aggregate cease to hold or control the voting rights with respect to 15% or more of the total number of Shares then in issue; (iii) the date our Company ceases to be listed on the Stock Exchange; (iv) a written agreement among the parties to the relevant Investor Voting Agreement to terminate the relevant Investor Voting Agreement; (v) May Flower or any of its affiliates commits any material breach of or omits to observe any of its material obligations or undertakings under the relevant Investor Voting Agreement and, if such breach or omission is curable, such breach or omission is not cured within ten days of Tenzing giving May Flower notice of such breach or omission; (vi) May Flower ceasing to be 100% owned (directly or indirectly) by Mr. Dai, or Mr. Dai ceasing to be the sole director of May Flower; (vii) the death or incapacity of Mr. Dai; and (viii) when Tenzing ceases to hold any Shares or when it enters into any binding agreement to sell all of the Shares held by it, provided that if such sale is not completed for whatever reason, the relevant arrangements under the relevant Investor Voting Agreement shall resume in full force and effect upon the termination, withdrawal or lapse of such sale.

As of the Latest Practicable Date, May Flower held an aggregate of approximately 24.91% of our issued Shares. May Flower is wholly-owned by Mr. Dai, who is also deemed to be indirectly interested in approximately 8.04% of our total issued share capital by virtue of his controlling interest in Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership) (三啟未來(天津)企業管理合夥企業(有限合夥)). By virtue of such shareholding interests and the Voting Agreements, May Flower and Mr. Dai are, and will, immediately following completion of the Global Offering, be our Controlling Shareholders. See the section headed “Relationship with Controlling Shareholders” of this Prospectus for details. For details of each of Xiaoying, Wisest Holding, Tenzing, Matrix Partners and Giant Lilly, see the sub-section headed “Our Structure upon Completion of the Reorganization and Immediately Prior to the Global Offering” in this section.

ACQUISITIONS AND INVESTMENTS

Acquisition of CGL

On December 2, 2017, TD Elite entered into a share subscription agreement with CGL Consulting Co., Ltd (上海德築企業管理有限公司) (“CGL”) and Mr. Zhuang Hua (莊華), an Independent Third Party, pursuant to which TD Elite agreed to subscribe for registered capital of RMB2,081,600 of CGL for a total consideration of RMB25,000,000 (the “CGL Acquisition”). The consideration for the CGL Acquisition was determined by arms’ length negotiation between the parties taking into consideration the experience of Mr. Zhuang Hua (the former CEO of a large executive search company in Asia) and his expected contribution to the business of CGL. The consideration was satisfied by the Company in cash on December 22, 2017. Following completion of the CGL Acquisition, our Group owns 51% of the registered capital in CGL and its directors, Mr. Zhuang Hua owns 49% of the registered capital in CGL as share award. Pursuant to the share subscription agreement, (i) 25% of the 49% equity interests held by Mr. Zhuang Hua will vest each year during the four years after completion of the CGL Acquisition; (ii) Mr. Zhuang Hua is restricted from transferring his interests in CGL (whether vested or not) without TD Elite’s prior consent; and (iii) during the above-mentioned four-year period, if Mr. Zhuang Hua terminates his labor contract with CGL, TD Elite has a right to acquire the equity interests held by Mr. Zhuang Hua which are unvested at the lowest price legally permissible and to require Mr. Zhuang Hua to grant TD Elite a voting proxy in respect of the equity interests held by him which are already vested. CGL is a company founded by Mr. Zhuang Hua in the PRC on November 3, 2017.

As at the Latest Practicable Date, CGL holds a human resources service license (人力資源服務許可證) and has no material business operation. Together with Mr. Zhuang Hua, we strategized a business road map to

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

develop an executive search online and offline platform through CGL, whereby Mr. Zhuang Hua committed to leverage his expertise and develop the business plan of CGL over the next four years. CGL will focus on the provision of high-end executive search services through the Internet. The Directors believe that, through the collaboration with Mr. Zhuang Hua, CGL will create synergy with our existing service offerings to better meet our customers' requirements for high-end talents. The net loss (both before and after taxation) of CGL for the year ended December 31, 2017 was approximately RMB340,000, primarily due to rental expenses incurred since its establishment.

Other than as disclosed above, we did not conduct any acquisitions, disposals or mergers during the Track Record Period. Over the Track Record Period, we have invested an aggregate of approximately RMB11.5 million in different companies in the PRC and overseas that have technologies or businesses that supplement ours and benefit our business. Please refer to note 13 of "Appendix I — Accountants' Report". None of these companies are our subsidiaries and we do not consider any of these investments to be material, either individually or in aggregate.

Post-Track Record Period Acquisitions

Unicareer Acquisition

On December 31, 2017, Liedao entered into the Unicareer Investment Agreement with, among others, Unicareer, pursuant to which Liedao agreed to acquire registered capital of RMB118,000 in Unicareer from its existing shareholders for a total consideration of RMB18,979,932 and to subscribe for additional registered capital of RMB201,032 in Unicareer for a total consideration of RMB36,000,000 (the "**Unicareer Acquisition**"). Unicareer is a company established in the PRC. Our Group has satisfied the consideration payable for the Unicareer Acquisition in cash, which had been fully settled on January 25, 2018. As a result of the Unicareer Acquisition, our Company holds, through Liedao, approximately 9.9723% of the enlarged registered capital of Unicareer.

Based on the shareholders' agreement entered into by Liedao with Unicareer and its other shareholders dated December 31, 2017, Liedao will not have any day-to-day management role other than the right to appoint one director to the board of directors (which comprises a total of nine directors) of Unicareer. In addition, the director to be appointed by Liedao will not be involved in the daily management of Unicareer.

MoSeeker Acquisition

Our Company proposes to enter into the MoSeeker Subscription Agreement with, among others, MoSeeker pursuant to which our Company will agree to acquire certain preferred shares to be issued by MoSeeker for a total consideration of US\$10,000,000 (the "**MoSeeker Acquisition**"). MoSeeker is a company incorporated under the laws of the Cayman Islands. Part of the consideration for the MoSeeker Acquisition in the amount of US\$6,300,000 is expected to be satisfied by our Company in cash, and the remaining consideration is expected to be satisfied by our Company through provision of advertising and promotion services. Our Company currently expects the MoSeeker Acquisition to be completed before the Listing in accordance with the terms of the MoSeeker Subscription Agreement. Upon completion of the MoSeeker Acquisition, our Company will directly hold approximately 14.59% of the enlarged issued share capital of MoSeeker.

Financial Information on the Target Companies

According to the unaudited management accounts of Unicareer, its total assets amounted to approximately RMB66.3 million as at December 31, 2017, and its net profits for the year ended December 31, 2016 were approximately RMB5.6 million (both before and after taxation) and for the year ended December 31, 2017 were approximately RMB3.0 million (both before and after taxation), respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

According to the unaudited management accounts of MoSeeker, its total assets amounted to approximately US\$3.6 million as at December 31, 2017, and its net loss for the year ended December 31, 2016 was approximately US\$2.0 million (both before and after taxation) and for the year ended December 31, 2017 was approximately US\$1.5 million (both before and after taxation), respectively.

Reasons for and Benefits of the Acquisitions

Unicareer is principally engaged in the provision of career development and training services for fresh graduates and university students through the use of an online recruitment platform. Unicareer has a large base of registered university students and have entered into strategic cooperations with some of the leading enterprises in the PRC. As the Directors expect the university recruitment and training market to undergo rapid expansion in the near future, they believe the Unicareer Acquisition will help to complement and expand the existing businesses of our Group, lower the costs of recruitment services, and expand our Group's data on campus recruitment for the development of new product and services.

MoSeeker is principally engaged in the development of recruitment platforms and provision of social recruitment services through the use of social media and mobile communications channel. MoSeeker's platforms allow access to talents through various social media channels such as instant messaging and online payment systems. As our Directors intend to expand and provide recruitment solutions through multiple channels, they believe the MoSeeker Acquisition will complement the existing businesses of our Group and expand the quantity and quality of our Group's data in the recruitment market.

Others

Our Directors consider the terms of the investment in Unicareer and MoSeeker are on normal commercial terms, and fair and reasonable, and the investments in Unicareer and MoSeeker are in the interests of our Company and our Shareholders as a whole. Our Directors confirm that the Unicareer Acquisition has been properly and legally completed, and all applicable regulatory approvals have been obtained.

To the best knowledge, information and belief of our Directors after having made all reasonable enquiries, Unicareer and MoSeeker and their respective ultimate beneficial owner(s) are Independent Third Parties.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the Unicareer Acquisition and the MoSeeker Acquisition. For details — see “Waivers from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver from Strict Compliance With Rules 4.04(2) and 4.04(4) of the Listing Rules” in this Prospectus.

PRE-IPO INVESTMENTS

1. Pre-IPO Investments

On September 8, 2010, we established the Former Holdco as the former holding company of our Group. On September 24, 2010, we established Wisest (HK) Information Technology Co., Limited (“**Wisest HK**”), a company with limited liability incorporated in Hong Kong, with the Former Holdco as its sole shareholder. On November 19, 2010, we established INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司) (“**Ins Network**”) as a wholly foreign-owned enterprise in the PRC with Wisest HK as its sole equity holder. On June 4, 2014, we established TD Information Technology Co., Limited (同道匯才(天津)信息技術有限公司) as a wholly foreign-owned enterprise in the PRC with Wisest HK as its sole equity holder.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

There were five rounds of Pre-IPO Investments in the Former Holdco and Wisest:

- (1) **Series Pre-A Round in the Former Holdco:** On December 1, 2010, the Former Holdco, Wisest HK, Ins Network, Matrix Partners China I Hong Kong Limited (“**Matrix HK**”) and Tenzing Holdings, LLC (“**Tenzing Holdings**”), among others, entered into a preferred shares purchase agreement, pursuant to which Matrix HK and Tenzing Holdings agreed to subscribe for a total of 4,400,000 series A preferred shares of the Former Holdco at a price of US\$0.3182 per share for a total consideration of US\$1,400,080. The issue of series A preferred shares by the Former Holdco was completed on December 1, 2010.
- (2) **Series A Round in the Former Holdco:** On October 14, 2011, the Former Holdco, Wisest HK, Wisest, Ins Network, Matrix HK and Tenzing Holdings, among others, entered into a preferred shares purchase agreement, pursuant to which Matrix HK and Tenzing Holdings agreed to subscribe for a total of 2,222,222 series A-1 preferred shares of the Former Holdco at a price of US\$2.25 per share for a total consideration of US\$4,999,999.5. The issue of series A-1 preferred shares by the Former Holdco was completed on October 14, 2011.

Following completion of the above-mentioned Pre-IPO Investments, the Former Holdco resolved on December 6, 2011 to split each of its shares with par value of US\$0.001 into 10 shares with par value of US\$0.0001 each. Such share sub-division was completed on December 6, 2011.

- (3) **Series B Round in the Former Holdco:** On December 14, 2012, the Former Holdco, Wisest HK, Wisest, Ins Network, Matrix HK and Tenzing Holdings, among others, entered into a preferred shares purchase agreement, pursuant to which Matrix HK and Tenzing Holdings agreed to subscribe for a total of 22,411,700 series B preferred shares of the Former Holdco at a price of US\$0.26772 per share for a total consideration of US\$6,000,060.32. The issue of series B preferred shares by the Former Holdco was completed on December 14, 2012.
- (4) **Series C Round in the Former Holdco:** On November 12, 2013, the Former Holdco, Wisest HK, Wisest, Ins Network, Matrix HK, Tenzing Holdings and Rose Quartz Group Limited (“**Rose Quartz**”), among others, entered into a shares subscription agreement, pursuant to which Matrix HK, Tenzing Holdings and Rose Quartz agreed to subscribe for a total of 98,051,186 series C-1 preferred shares, and Matrix HK and Rose Quartz agreed to subscribe for a total of 29,960,085 series C-2 preferred shares, of the Former Holdco at a price of US\$0.459 per series C-1 preferred share and US\$0.668 per series C-2 preferred share, for a total consideration of US\$65,000,000. The issue of series C-1 preferred shares and series C-2 preferred shares by the Former Holdco was completed on November 20, 2013 and July 17, 2014, respectively.
- (5) **Series D Round in Wisest:** On July 8, 2015, the Former Holdco, Wisest, Shanghai Chuangji Investment Centre (Limited Partnership) (上海創稷投資中心 (有限合夥)) (“**Shanghai Chuangji**”), and Shenzhen Huatai Ruilin Fund Investment Management Partnership (Limited Partnership) (深圳市華泰瑞麟基金投資管理合夥企業 (有限合夥)) (“**Shenzhen Huatai**”), among others, entered into a loan agreement, pursuant to which Shanghai Chuangji and Shenzhen Huatai agreed to provide convertible loans in the aggregate amount of RMB60 million and RMB60 million, respectively, to Wisest. Pursuant to the terms of such loan agreement, the convertible loans have been fully converted at the ratio of RMB157.93:RMB1 into (i) RMB379,920 of the registered capital of Wisest issued to Shanghai Chuangji which was completed on July 19, 2017, and (ii) RMB379,920 of the registered capital of Wisest issued to Shenzhen Huatai Ruilin Equity Investment Fund Partnership (Limited Partnership) (深圳市華泰瑞麟股權投資基金合夥企業 (有限合夥)) (“**Shenzhen Huatai Equity**”) (an affiliate of Shenzhen Huatai) which was completed on June 28, 2016.

On December 31, 2015, the Former Holdco and Wisest, among others, entered into a loan agreement with each of China Mobile Fund (中移創新產業基金 (深圳) 合夥企業 (有限合夥)) (“**China Mobile**

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Fund) and Tianhong Innovative Asset Management Co., Ltd. (天弘創新資產管理有限公司) (“**Tianhong**”), respectively, pursuant to which China Mobile Fund and Tianhong agreed to provide convertible loans in the aggregate amount of RMB160 million and RMB100 million (which was subsequently reduced to RMB79 million pursuant to a supplemental agreement dated December 31, 2015 entered into by, among others, Wisest and Tianhong), respectively, to Wisest. Pursuant to the terms of such loan agreements, the convertible loans have been fully converted at the ratio of RMB170.92:RMB1 into (i) RMB936,120 of the registered capital of Wisest issued to China Mobile Fund which was completed on December 30, 2016, and (ii) RMB462,207 of the registered capital of Wisest issued to Tianjin Shengyuan Equity Investment Partnership (Limited Partnership) (天津晟遠股權投資合夥企業 (有限合夥)) (“**Tianjin Shengyuan**”) (an affiliate of Tianhong) which was completed on October 17, 2017.

On December 31, 2015, the Former Holdco and Wisest, among others, entered into a loan agreement with each of Ningbo Qixin Equity Investment Partnership (Limited Partnership) (寧波碁信股權投資合夥企業 (有限合夥)) (“**Ningbo Qixin**”), Beijing Tianshi Kaiyuan I Investment Fund Management Centre (Limited Partnership) (北京天時開元一期投資基金管理中心 (有限合夥)) (“**Beijing Tianshi**”) and Shanghai Weiyi Investment Management Centre (Limited Partnership) (上海未易投資管理中心 (有限合夥)) (“**Shanghai Weiyi**”), respectively, pursuant to which Ningbo Qixin, Beijing Tianshi and Shanghai Weiyi agreed to provide convertible loans in the aggregate amount of RMB62,638,056, RMB65 million and RMB60 million, respectively, to Wisest. Pursuant to the terms of such loan agreements, the convertible loans have been fully converted at the ratio of RMB170.92:RMB1 into (i) RMB366,478 of the registered capital of Wisest issued to Ningbo Xinshi Online Finance Equity Investment Partnership (Limited Partnership) (寧波信石網財股權投資合夥企業 (有限合夥)) (“**Ningbo Xinshi**”) (an affiliate of Ningbo Qixin), and (ii) RMB380,297 of the registered capital of Wisest issued to Beijing Tianshi, and RMB351,043 of the registered capital of Wisest issued to Shanghai Weiyi. Such conversion and subscription of the registered capital of Wisest was completed on October 17, 2017.

On January 8, 2016, the Former Holdco and Wisest, among others, entered into a loan agreement with Tibet Lingsheng Capital Investment Management Co., Ltd. (西藏領盛資本投資管理有限公司) (“**Tibet Lingsheng**”), pursuant to which Tibet Lingsheng agreed to provide a convertible loan in the aggregate amount of RMB6 million to Wisest. Pursuant to the terms of such loan agreement, the convertible loan has been fully converted at the ratio of RMB170.92:RMB1 into RMB35,104 of the registered capital of Wisest issued to Tibet Lingsheng. Such conversion and subscription of the registered capital of Wisest was completed on October 17, 2017.

Concurrent with the above investments into Wisest, Ms. Dai Keying, Mr. Chen and Shanghai Zhenyi Investment Management Partnership (Limited Partnership) (上海臻翌投資管理合夥企業 (有限合夥)) (“**Shanghai Zhenyi**”), among others, entered into an investment agreement dated December 31, 2015 and a share transfer agreement dated May 1, 2016, pursuant to which Ms. Dai Keying and Mr. Chen agreed to transfer RMB168,160 and RMB124,370, respectively, of the registered capital of Wisest to Shanghai Zhenyi for a total consideration of RMB50 million. Such transfer of the registered capital of Wisest was completed on June 3, 2016.

In addition, Ms. Dai Keying and Shanghai Chuangji, among others, entered into a share transfer agreement dated May 1, 2016, pursuant to which Ms. Dai Keying agreed to transfer RMB416,910 of the registered capital of Wisest to Shanghai Chuangji for a total consideration of RMB71,258,402. Such transfer of the registered capital of Wisest was completed on June 3, 2016.

2016 Restructuring of Pre-IPO Investments

On March 1, 2016, Wisest entered into a capital increase agreement with, among others, Matrix HK, Tenzing Holdings Hong Kong Limited (an affiliate of Tenzing Holdings) (“**Tenzing HK**”) and Giant Lilly (an

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

affiliate of Rose Quartz), pursuant to which Matrix HK, Tenzing HK and Giant Lilly agreed to subscribe for registered capital of Wisest in the amount of RMB550,443, RMB168,016 and RMB537,019, respectively, for a total consideration of the US dollars equivalents of RMB200,571,212, RMB61,222,080 and RMB195,679,628, respectively. Such subscriptions of the registered capital of Wisest were completed on April 8, 2016.

On September 1, 2016, the Former Holdco entered into a share repurchase agreement with each of Matrix HK, Tenzing Holdings and Rose Quartz, pursuant to which the Former Holdco repurchased from each of Matrix HK, Tenzing Holdings and Rose Quartz all the shares that they held in the Former Holdco for a total consideration of RMB200,571,212, RMB61,222,080 and RMB195,679,628, or the US dollars equivalents, respectively. The repurchase of shares by the Former Holdco was completed, and all the repurchased shares were canceled, on September 1, 2016. Each of Matrix HK, Tenzing Holdings and Rose Quartz also irrevocably waived and relinquished all the rights and benefits that they had under the articles of association and shareholders agreement of the Former Holdco.

As a result of such restructuring, our series pre-A, series A, series B and series C rounds of Pre-IPO Investments were restructured to become investments in Wisest.

The consideration for the Pre-IPO Investments were determined based on arms' length negotiations between our Group and the relevant investors, among others, after taking into consideration the timing of the investments, the status of our Group's business development and operating entities and the relevant investor's valuation of our Group at the time of each investment.

In connection with the Pre-IPO Investments, the relevant investors entered into shareholders agreement with the Former Holdco at the time of their relevant investment, and such shareholders agreement had been irrevocably terminated as described above. We did not enter into any shareholders agreement with respect to Wisest.

2. Restructuring of the Pre-IPO Investments

As part of the Reorganization, our Company has entered into the following documents to convert the five rounds of Pre-IPO Investments described above in Wisest into Convertible Preferred Shares issued by our Company. For further details about the Reorganization, see the sub-section headed "Corporate Restructuring" in this section.

Series A-1 Convertible Preferred Shares

Our series pre-A, series A, series B and series C rounds of Pre-IPO Investors' investments in Wisest as described above were restructured to become investments in our Series A-1 Convertible Preferred Shares by way of the following agreements:

- A share purchase agreement dated March 27, 2018 entered into by, among others, our Company, Matrix Partners (who are affiliates of Matrix HK), pursuant to which Matrix Partners agreed to subscribe for, and our Company agreed to issue, a total of 99,804,139 Series A-1 Convertible Preferred Shares at a price of US\$0.30 per share for a total consideration of US\$30,212,357.91.
- A share purchase agreement dated March 27, 2018 entered into by, among others, our Company and Giant Lilly (an affiliate of Rose Quartz), pursuant to which Giant Lilly agreed to subscribe for, and our Company agreed to issue, a total of 97,370,133 Series A-1 Convertible Preferred Shares at a price of US\$0.30 per share for a total consideration of US\$29,446,949.73.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- A share purchase agreement dated March 27, 2018 entered into by, among others, our Company and Tenzing (an affiliate of Tenzing Holdings), pursuant to which Tenzing agreed to subscribe for, and our Company agreed to issue, a total of 30,464,038 Series A-1 Convertible Preferred Shares at a price of US\$0.30 per share for a total consideration of US\$9,230,230.39.

Series A-2 Convertible Preferred Shares and Series A-3 Convertible Preferred Shares

Our series D rounds of Pre-IPO Investors' investments in Wisest as described above were restructured to become investments in our Series A-2 Convertible Preferred Shares and Series A-3 Convertible Preferred Shares by way of the following agreements:

- A share purchase agreement dated March 27, 2018 entered into by, among others, our Company and Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership) (三啟未來 (天津) 企業管理合夥企業 (有限合夥)) (“**Sanqi Weilai**”) (an entity designated by Shanghai Chuangji, Shanghai Zhenyi, Shanghai Weiyi, Beijing Tianshi and Tianhong to hold their interests in our Company), pursuant to which Sanqi Weilai agreed to subscribe for, and our Company agreed to issue, a total of 5,452,724 Series A-2 Convertible Preferred Shares and 27,312,231 Series A-3 Convertible Preferred Shares, respectively, at a price of the US dollars equivalent to RMB11.00 and RMB11.91, respectively, per share, for a total consideration being the US dollars equivalent to RMB60,000,000 and RMB325,258,402, respectively.
- A share purchase agreement dated March 27, 2018 entered into by, among others, our Company and China Mobile Fund, pursuant to which China Mobile Fund agreed to subscribe for, and our Company agreed to issue, a total of 13,435,471 Series A-3 Convertible Preferred Shares at a price of the US dollars equivalent to RMB11.91 per share for a total consideration being the US dollars equivalent to RMB160,000,000.00.
- A share purchase agreement dated March 27, 2018 entered into by, among others, our Company and Huatai China Industry Power Investment Fund Limited Partnership (“**Huatai China**”) (an affiliate of Shenzhen Huatai), pursuant to which Huatai China agreed to subscribe for, and our Company agreed to issue, a total of 5,452,724 Series A-3 Convertible Preferred Shares at a price of the US dollars equivalent to RMB13.15 per share for a total consideration being the US dollars equivalent to RMB71,718,000.00.

As part of the Reorganization, the Pre-IPO Investors and our Company entered into a shareholders' agreement dated March 27, 2018, the principal terms of which are summarized in the sub-section headed “Principal Terms of the Pre-IPO Investments and Investors' Rights” in this section.

The considerations stated above in relation to the restructuring of the Pre-IPO Investments represent the amounts payable by our Group to repurchase the equity interests held by the relevant Pre-IPO Investors (or their respective affiliates) in Wisest as described in the sub-section headed “Corporate Restructuring — 3. Acquisition of interests in Wisest” in this section, which are in turn equivalent to the amounts of the investments made by the relevant Pre-IPO Investors (or their respective affiliates) in Wisest as described in this sub-section above. The considerations for the investments made by the Pre-IPO Investors in Wisest had been irrevocably settled and received by our Group when such investments were initially made as described in this sub-section above. Accordingly, the entry into of the series A preferred share purchase agreements and the shareholders' agreement with the Pre-IPO Investors as described herein only constitutes a restructuring of existing Pre-IPO Investments, and did not constitute any new investment in our Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

3. Principal Terms of the Pre-IPO Investments and Investors' Rights

The principal terms of the Pre-IPO Investments are set out below:

	Holders of Series A-1 Convertible Preferred Shares	Holders of Series A-2 Convertible Preferred Shares	Holders of Series A-3 Convertible Preferred Shares
Date on which the investment was fully settled ⁽¹⁾	April 8, 2016	October 17, 2017	October 17, 2017
Costs per Convertible Preferred Share paid	US\$0.30	US dollars equivalent to RMB11.00	US dollars equivalent to RMB11.91 or RMB13.15
Discount to the Offer Price ⁽²⁾	92.64%	57.97%	54.47% or 49.75%
Total consideration	US\$68,889,538.03	US dollars equivalent to RMB60,000,000	US dollars equivalent to RMB556,976,402
Number of Shares following conversion of the Convertible Preferred Shares	227,638,310	5,452,724	46,200,426
Lock-Up	The holders of the Convertible Preferred Shares are subject to a lock-up period of 6 months after the Listing pursuant to lock-up undertakings granted by them in favor of our Company (except for any Shares that may be sold by Giant Lilly and Matrix Partners China I pursuant to any exercise of the Over-allotment Option).		
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds for the development and operation of our business, including but not limited to, personnel recruitment, business and product investments, operation and development, technology infrastructure, office utilities and marketing. As of the Latest Practicable Date, approximately 40% of the net proceeds from the Pre-IPO Investments had not yet been utilized and which are expected to be fully utilized in the next 12-24 months.		
Strategic benefits that the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Group was of the view that we could benefit from the additional capital that would be provided by the Pre-IPO Investors' investment and the possibility that we could take advantage of their knowledge and experience.		
Conversion rights	Each Convertible Preferred Share shall automatically be converted into Shares at the then effective applicable conversion price, upon the completion of the Global Offering.		

Notes:

- (1) This represents the date when the last member of the holders of (i) Series A-1 Convertible Preferred Shares, (ii) Series A-2 Convertible Preferred Shares and (iii) Series A-3 Convertible Preferred Shares, or their applicable affiliates, respectively, irrevocably settled and paid the funds for the relevant investments into Wisest.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$32.00 per Share (being the mid-point of the indicative Offer Price range of HK\$28.50 to HK\$35.50, on the basis that 495,559,464 Shares are expected to be in issue immediately upon completion of the Global Offering (including completion of the conversion of the Convertible Preferred Shares into the Shares) and assuming that the options granted under the Pre-IPO Share Option Scheme are not exercised).

The below table is a summary of the capitalization of our Company after restructuring of the Pre-IPO Investments as described above and completion of the Reorganization:

Shareholders	Ordinary Shares	Series A-1 Convertible Preferred Shares	Series A-2 Convertible Preferred Shares	Series A-3 Convertible Preferred Shares	Shareholding Percentage Immediately upon Completion of the Reorganization ⁽¹⁾	Shareholding Percentage Immediately upon Completion of the Global Offering ⁽²⁾
May Flower ⁽³⁾	101,524,692	—	—	—	24.91%	20.49%
Matrix Partners	—	99,804,139	—	—	24.49%	20.14%
Giant Lilly	—	97,370,133	—	—	23.89%	19.65%
Tenzing	—	30,464,038	—	—	7.47%	6.15%
Sanqi Weilai ⁽⁴⁾	—	—	5,452,724	27,312,231	8.04%	6.61%
China Mobile Fund	—	—	—	13,435,471	3.30%	2.71%
Huatai China	—	—	—	5,452,724	1.34%	1.10%
Xiaoying ⁽³⁾	13,598,226	—	—	—	3.34%	2.74%
Wisest Holding ⁽³⁾	13,145,086	—	—	—	3.22%	2.65%
Public Shareholders	—	—	—	—	—	17.76%
Total	128,268,004	227,638,310	5,452,724	46,200,426	100%	100%

Notes:

- (1) On the basis that all the Convertible Preferred Shares will automatically be converted into an equal number of the Shares upon Listing by way of redesignation as the Shares.
- (2) Calculated after taking into account the Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised).
- (3) May Flower, Wisest Holding and Xiaoying are not Pre-IPO Investors. Please refer to the sub-section headed “Our Structure Immediately Prior to the Global Offering” of this section for details.
- (4) The general partner of Sanqi Weilai is Sanqi Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd. (三啟天才 (天津) 企業管理諮詢有限責任公司), which is in turn 99% held by Mr. Dai, an executive Director. The limited partnership interests of Sanqi Weilai is owned as to 34.90% by Shanghai Chuangji, 20.25% by Tianhong, 16.66% by Beijing Tianshi, 15.38% by Shanghai Weiyi, and 12.81% by Shanghai Zhenyi. Please refer to the sub-section headed “Information about the Pre-IPO Investors” of this section for details.
- (5) The above table does not include the Shares that may be issued upon exercise of all options that have been granted and may be granted under the Pre-IPO Share Option Scheme, which is up to 42,865,895 Shares.

4. Shareholders’ Right

The Pre-IPO Investors have been granted special rights such as conversion rights, information rights, dividend rights, right to elect directors and participate in Board and Board committees, pre-emptive right, right of first refusal and co-sale and drag-along right. These rights shall be automatically terminated when the Preferred Shares are converted into the Shares of a nominal value of US\$0.0001 each immediately prior to the listing.

5. Public Float

Matrix Partners hold approximately 24.49% of the issued shares in our Company immediately prior to completion of the Global Offering, and will hold approximately 20.14% upon the completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised). Matrix Partners will be a substantial shareholder of our Company upon Listing, and the Shares it holds will accordingly not be considered as part of the public float.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Giant Lilly holds approximately 23.89% of the issued shares in our Company immediately prior to completion of the Global Offering, and will hold approximately 19.65% upon the completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised). Giant Lilly will be a substantial shareholder of our Company upon Listing, and the Shares it holds will accordingly not be considered as part of the public float.

Tenzing holds approximately 7.47% of the issued shares in our Company immediately prior to completion of the Global Offering. Tenzing is wholly-owned by Tenzing Holdings, which is in turn wholly-owned by Tenzing Trust. Tenzing Trust is a discretionary, irrevocable, non-grantor trust established by Mr. Shao Yibo, our non-executive Director, as settlor, and the Shares held by Tenzing will accordingly not be considered as part of the public float.

Sanqi Weilai holds approximately 8.04% of the issued shares in our Company immediately prior to completion of the Global Offering. Mr. Dai, a Controlling Shareholder, holds 99% of the equity interests in Sanqi Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd. (三啟天才(天津)企業管理諮詢有限責任公司) (“**Sanqi Tiancai**”), the general partner and managing partner of Sanqi Weilai. As a result, the Shares held by Sanqi Weilai will not be considered as part of the public float.

Except as stated above, the Shares held by other Pre-IPO Investors mentioned above will constitute part of the public float.

6. Information about the Pre-IPO Investors

Matrix Partners are exempted limited partnerships organized and existing under the Laws of the Cayman Islands and are venture capital funds with a primary purpose of making investments in the PRC, mainly focusing on companies in the internet, mobile internet, healthcare and consumer. The general partner of Matrix Partners is Matrix China Management I, L.P.. Upon completion of the Global Offering, Matrix Partners will hold approximately 20.14% of our total issued and outstanding Shares (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised).

Giant Lilly, a limited liability company incorporated under the laws of the Republic of Mauritius, is an investment holding company held as to 60.47% by Warburg Pincus Private Equity XI, L.P., 22.06% by Warburg Pincus XI (Asia), L.P., 11.20% by Warburg Pincus Private Equity XI-B, L.P. and 6.27% by other minority shareholders. The general partner of Warburg Pincus Private Equity XI, L.P. is Warburg Pincus XI, L.P., the general partner of which is WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P., the general partner of which is Warburg Pincus Partners GP LLC, and the managing member of which is Warburg Pincus & Co.. Upon completion of the Global Offering, Giant Lilly will hold approximately 19.65% of our total issued and outstanding Shares (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised).

Tenzing, a limited liability company incorporated under the laws of the British Virgin Islands, is wholly-owned by Tenzing Holdings, which is in turn wholly-owned by Tenzing Trust. Tenzing Trust is a discretionary, irrevocable, non-grantor trust established by Mr. Shao Yibo, our non-executive Director, as settlor, and the discretionary beneficiaries are Mr. Shao Yibo’s immediate family members and other non-profit organizations which are Independent Third Parties. Upon completion of the Global Offering, Tenzing will hold approximately 6.15% of our total issued and outstanding Shares (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised). For details of Mr. Shao Yibo, see the section headed “Directors and Senior Management” of this Prospectus.

China Mobile Fund, a limited partnership organized and existing under the laws of the PRC, is an investment fund with a primary purpose of making investments in the PRC. The general partner of China Mobile

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Fund is China Mobile Fund Management Co., Ltd. (中移國投創新投資管理有限公司), a company established in the PRC by China Mobile Communications Corporation (中國移動通信集團公司), SDIC Fund Management Company Ltd. (國投創新投資管理有限公司) and The State Development & Investment Corporation (國家開發投資公司). Upon completion of the Global Offering, China Mobile Fund will hold approximately 2.71% of our total issued and outstanding Shares (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised).

Sanqi Weilai, a limited partnership organized and existing under the laws of the PRC, is a special purpose vehicle with a primary purpose of investing in our Company. Mr. Dai holds 99% of the equity interests in Sanqi Tiancai, which is in turn the general partner and managing partner of Sanqi Weilai. Sanqi Weilai's limited partnership interests are owned as to 34.90% by Shanghai Chuangji, 20.25% by Tianhong, 16.66% by Beijing Tianshi, 15.38% by Shanghai Weiyi, and 12.81% by Shanghai Zhenyi. Shanghai Chuangji is a limited partnership organized and existing under the laws of the PRC, it is an investment and venture capital fund with a primary purpose of making investments in the PRC, the general partner of which is Shanghai Changchuang Investment Management Partnership (Limited Partnership) (上海昶創投資管理合夥企業) (有限合夥). Beijing Tianshi is a limited partnership organized and existing under the laws of the PRC, it is an investment fund with a primary purpose of making investments in the PRC, the general partner of which is Beijing Tianshikaiyuan Share Options Investment Management Co., Ltd (北京天時開元股權投資管理有限公司). Shanghai Weiyi is a limited partnership organized and existing under the laws of the PRC, it is an investment fund with a primary purpose of making investments in the PRC, the general partner of which is Beijing Qianhehongding Investment Centre (Limited Partnership) (北京千合弘鼎投資中心 (有限合夥)). Shanghai Zhenyi is a limited partnership organized and existing under the laws of the PRC, it is an investment fund with a primary purpose of making investments in the PRC, the general partner of which is Shanghai Zhengjie Asset Management Co., Ltd. (上海臻界資產管理有限公司). Tianhong is a limited liability company established in the PRC, it is an investment and asset management company with a primary purpose of making investments in the PRC and is wholly-owned by Tianhong Fund Management Co., Ltd. (天弘基金管理有限公司). Upon completion of the Global Offering, Sanqi Weilai will hold approximately 6.61% of our total issued and outstanding Shares (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised).

Huatai China, organized and existing under the Laws of the Cayman Islands, is an exempted limited partnership engaged in investment. The general partner of Huatai China is Huatai Industry Global Investment Limited. Upon completion of the Global Offering, Huatai China will hold approximately 1.10% of our total issued and outstanding Shares (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised).

7. Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the Guidance Letter HKEx-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and Guidance Letter HKEx-GL44-12 issued in October 2012 and in March 2017 by the Stock Exchange.

THE FORMER CONTRACTUAL ARRANGEMENTS

In order to comply with PRC laws and regulations while availing ourselves of capital markets and maintaining effective control over all of our PRC operations, we entered into a series of contractual arrangements (the “**Former Contractual Arrangements**”) with Wisest, TD Elite and Liedao and their respective registered shareholders, which comprised exclusive option agreements, share pledge agreements, business operations agreements, exclusive technology consulting and management services agreement and powers of attorney in 2014 and 2016, respectively, pursuant to which our Group controlled Wisest, TD Elite and Liedao.

The Former Contractual Arrangements in relation to Wisest had been terminated in March 2016. As part of the Reorganization, we entered into the Contractual Arrangements to replace the Former Contractual

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Arrangements in relation to TD Elite and Liedao, and all the Former Contractual Arrangements in relation to TD Elite and Liedao have been terminated on the date the Contractual Arrangements are entered into. As a result, the share pledge agreements under the Former Contractual Arrangements have not been, and will not be, registered. For further details of the Contractual Arrangements, please see the section headed “Contractual Arrangements” in this Prospectus.

CORPORATE RESTRUCTURING

In preparation for the Global Offering and in order to streamline our corporate structure, we underwent and conducted the following Reorganization before the Listing:

1. Acquisition of TD Elite HK

On February 26, 2018, our Company acquired all the issued share capital of TD Elite HK from the Former Holdco for nil consideration. Such acquisition was legally completed on February 26, 2018. As a result, TD Elite HK became a wholly-owned subsidiary of our Company.

2. Restructuring of our Company

- (i) Our Company issued ordinary shares at par value to each of May Flower, Xiaoying and Wisest Holding on March 27, 2018 as follows:

Name	Number of Ordinary Shares Issued	Shareholding Percentage in our Company immediately after the Issuance
May Flower	101,524,691	79.15%
Xiaoying ⁽¹⁾	13,598,225	10.60%
Wisest Holding ⁽²⁾	13,145,085	10.25%
Total	128,268,001	100%

Notes:

(1) Xiaoying is wholly-owned by Mr. Chen, an executive Director.

(2) Wisest Holding is wholly-owned by Ms. Dai Keying, who is the sister of Mr. Dai, an executive Director.

The consideration for such issuance was determined based on the nominal value of our Company’s ordinary shares.

- (ii) Our Company entered into the series A preferred share purchase agreements dated March 27, 2018 and the shareholders’ agreement dated March 27, 2018 with Pre-IPO Investors, pursuant to which our Company issued the Convertible Preferred Shares to the Pre-IPO Investors, as described in the sub-section headed “Pre-IPO Investments” in this section.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

3. Acquisition of interests in Wisest

Pursuant to the Reorganization Framework Agreement entered into by, among others, our Company, Wisest and the Pre-IPO Investors, our Group purchased the registered capital of Wisest held by all the registered shareholders of Wisest (other than Mr. Dai, Mr. Chen and entities controlled by Mr. Dai) as summarized below:

Name of Shareholder of Wisest	Consideration payable by our Group	Amount of Registered Capital of Wisest Purchased (RMB)	Shareholding Percentage of Wisest
Matrix HK	US\$30,212,357.91	6,953,880	21.878%
Giant Lilly	US\$29,446,949.73	6,784,290	21.344%
Tenzing HK.....	US\$9,230,230.39	2,122,590	6.678%
China Mobile Fund	US\$ equivalent of RMB160,000,000	936,120	2.945%
Shanghai Chuangji.....	US\$ equivalent of RMB131,258,402	796,830	2.507%
Tianjin Shengyuan	RMB79,000,000	462,207	1.454%
Ningbo Xinshi	RMB72,644,781.49	366,478	1.153%
Shenzhen Huatai Equity.....	US\$ equivalent of RMB71,718,000	379,920	1.195%
Beijing Tianshi	RMB65,000,000	380,297	1.197%
Shanghai Weiyi.....	RMB60,000,000	351,043	1.104%
Shanghai Zhenyi	US\$ equivalent of RMB50,000,000	292,530	0.920%
Tibet Lingsheng	RMB6,500,000	35,104	0.110%

Pursuant to the Reorganization Framework Agreement, Wisest repurchased the equity interests held by Ningbo Xinshi and Tibet Lingsheng, whereas the other shareholders of Wisest sold their equity interests in Wisest to our Group, and subscribed for Convertible Preferred Shares issued by our Company as further described in the paragraph headed “Pre-IPO Investments — 2. Restructuring of the Pre-IPO Investments” above.

Concurrently with such acquisitions of the registered capital of Wisest, TD Elite HK entered into a capital increase agreement with Wisest and its registered shareholders, pursuant to which TD Elite HK will make a capital contribution in the amount of RMB7,960,911 to Wisest to subscribe for RMB7,960,911 of the registered capital of Wisest so that, following completion of such capital increase, TD Elite HK holds 70% of the equity interests in Wisest and the other shareholders of Wisest (comprising Mr. Dai, Mr. Chen and entities controlled by Mr. Dai) holds 30% of the equity interests in Wisest.

The consideration for such acquisitions of the registered capital of Wisest represent the value of the investments made by the relevant Pre-IPO Investors in Wisest, and the consideration for the capital increase of Wisest was determined based on the registered capital of Wisest. For details of the Pre-IPO Investments, see the sub-section headed “Pre-IPO Investments” in this section. Such acquisitions and capital increase are expected to be completed before the Listing.

4. Establishment of Tiancai Youdao

Pursuant to the Reorganization Framework Agreement, we established Tiancai Youdao on April 26, 2018 as a wholly foreign-owned enterprise in the PRC with TD Elite HK as its sole equity holder before Listing. The purpose of Tiancai Youdao is to provide technology services, network support, management consulting and related services, and to enter into the Contractual Arrangements.

5. Contractual Arrangements in respect of Wisest, TD Elite and Liedao

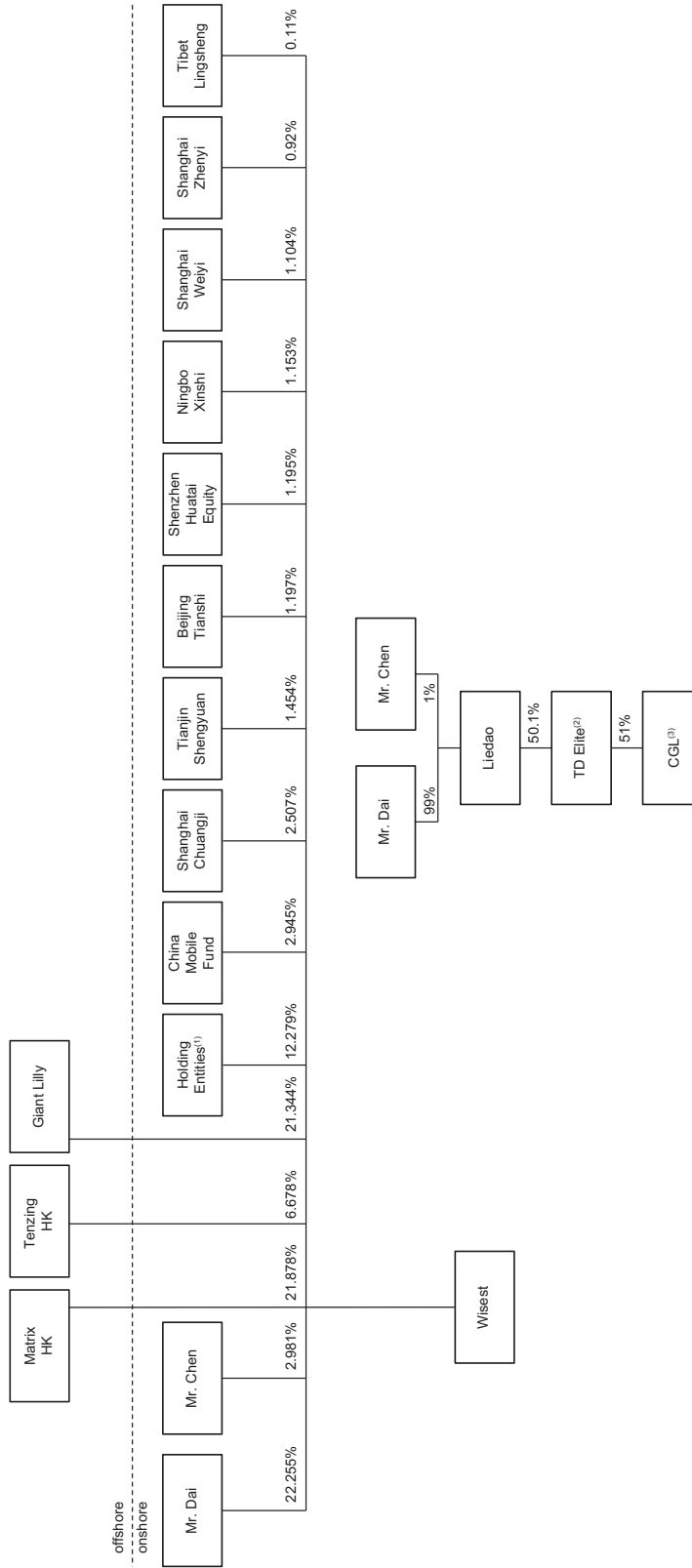
After its establishment, Tiancai Youdao entered into the Contractual Arrangements with each of Wisest, TD Elite, Liedao and their respective registered shareholders in place of the Former Contractual Arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Due to applicable PRC laws and regulatory restriction on foreign ownership in the human resources intermediary and telecommunications industries and restrictions on foreign investors to own interests in entities holding the ICP License in the PRC, through the Contractual Arrangements, Tiancai Youdao exercises control over the operations of, and enjoy substantially all the economic benefits of Wisest, TD Elite, Liedao and their respective subsidiaries, which in turn hold certain of our Group's licenses and permits necessary to operate our businesses. See the section headed "Contractual Arrangements" in this Prospectus for details of the Contractual Arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

A simplified corporate structure immediately prior to the completion of the Reorganization (assuming all Convertible Preferred Shares are converted into Shares) is set out below:



Notes:

- The holding entities (the “**Holding Entities**”) comprise: Tianjin Liejin Asset Management Partnership (Limited Partnership) (天津獵津資產管理合夥企業 (有限合夥)) which holds approximately 3.821% of the equity interest in Wisest, Tianjin Liexin Enterprise Management Partnership (Limited Partnership) (天津獵鑫企業管理合夥企業 (有限合夥)) which holds approximately 3.322% of the equity interest in Wisest, Tianjin Kualiie Enterprise Management Partnership (Limited Partnership) (天津快獵企業管理合夥企業 (有限合夥)) which holds approximately 3.353% of the equity interest in Wisest, and Tianjin Qilie Enterprise Management Partnership (Limited Partnership) (天津奇獵企業管理合夥企業 (有限合夥)) which holds approximately 1.783% of the equity interest in Wisest, all of which are controlled by Mr. Dai pursuant to a control agreement dated October 15, 2015 entered into between Mr. Dai and the general partner and/or limited partner of each of the Holding Entities.
- The remaining interest in TD Elite is owned as to 6.675% by Tenzing HK, 21.88% by Matrix HK, and 21.345% by Giant Lilly.
- The remaining 49% interest in CGL is owned by Mr. Zhuang Hua.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

For our corporate structure upon completion of the Reorganization, please see the sub-section headed “Our Structure immediately prior to the Global Offering” in this section.

Our PRC legal advisor has confirmed that all relevant approvals and permits in relation to the share transfers and capital increase in respect of Wisest as described above had been obtained and the procedures involved (including without limitation the registrations and/or filings of SAIC, MOFCOM) have been carried out in accordance with applicable PRC laws and regulations. The share transfers and capital increase in Wisest as described above have been completed before the Listing in accordance with applicable PRC laws and regulations.

Before the Reorganization, Mr. Dai (by himself and through entities controlled by him) held approximately 34.534% of the registered capital of Wisest. The majority of the owners of the Listing Business remain the same. Immediately prior to and after the Reorganization, the Listing Business of the Group had been held by Wisest and their subsidiaries. Pursuant to the Reorganization, Wisest and the Listing Business of the Group has been transferred to and held by the Company. The Reorganization is merely a reorganization of the Listing Business of the Group with no change in management of the Listing Business. The Group resulting from the Reorganization is regarded as a continuation of the Listing Business. Accordingly, the financial information of the companies now comprising the Group for the Track Record Period is presented using the carrying values of the Listing Business of the Group under Wisest for all the years presented. There is no common control over the Listing Business during the Track Record Period.

PRC REGULATORY REQUIREMENTS

Our PRC legal advisor has confirmed that the share transfers, reorganizations, acquisitions and disposals in respect of the PRC companies in our Group as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations as at the Latest Practicable Date.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisor is of the opinion that prior CSRC approval for the Global Offering is not required because (i) Tiancai Youdao was established as a wholly foreign-owned enterprise in the PRC without involving acquisition of the equity or assets of a PRC domestic company (as such term is defined under the M&A Rules); (ii) TD Elite was established as a sino-foreign equity joint venture without involving acquisition of the equity or assets of a PRC domestic company; (iii) CGL was established as a domestic enterprise in November 2017 and TD Elite, a sino-foreign equity joint venture operating the business of online talent intermediary business, purchased 51% equity interest of CGL in December 2017 and as such, the M&A Rules are not applicable; (iv) Wisest was established as a PRC domestic company in September 2006 and became a sino-foreign equity joint venture in April 2016 in compliance with the M&A Rules, such that the M&A Rules are not applicable to it

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

thereafter. TD Elite HK acquires certain equity interest in Wisest and subscribes for additional capital of Wisest, such that the M&A Rules are not applicable; (v) Liedao has been wholly owned by PRC nationals since its date of establishment, such that the M&A Rules are not applicable; and (vi) other than Tiancai Youdao, TD Elite, Wisest and Liedao, all of our other PRC subsidiaries were established as Wisest's or TD Elite's wholly owned or controlled entities without involving acquisition of the equity or assets of PRC domestic companies, and as such, the M&A Rules are not applicable.

SAFE REGISTRATION IN THE PRC

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

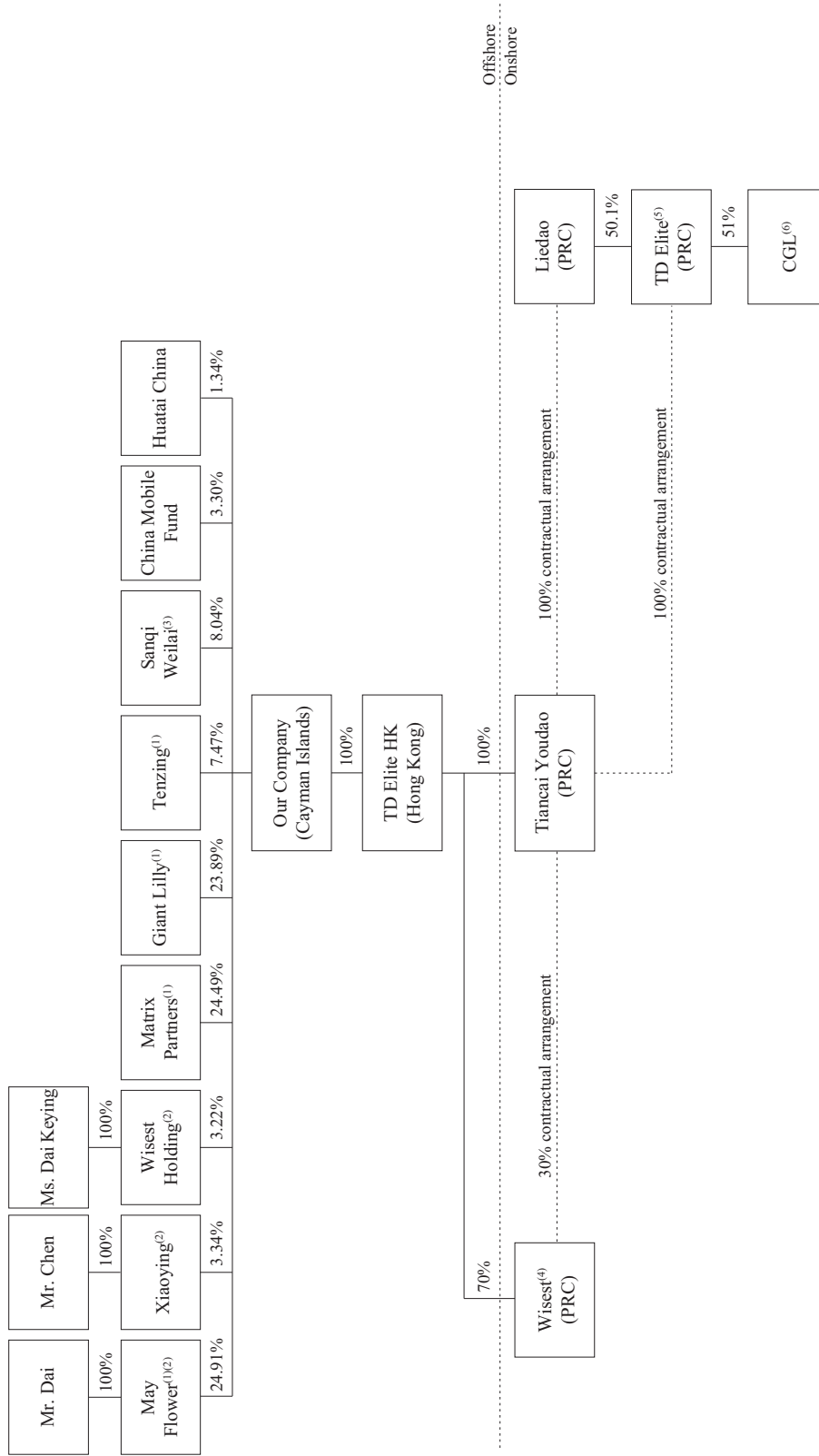
Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), promulgated by SAFE and became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisor, Mr. Dai, Mr. Chen and Ms. Dai Keying completed the registration under the SAFE Circular 37 on March 27, 2018.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR STRUCTURE UPON COMPLETION OF THE REORGANIZATION AND IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Company and our principal subsidiaries immediately prior to the completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised):



Notes:

- (1) Each of Matrix Partners, Giant Lilly and Tenzing entered into the Investors Voting Agreement with May Flower, which will become effective upon the Listing, pursuant to which each of Matrix Partners and Giant Lilly have granted May Flower a voting proxy over Shares representing 10% of our issued share capital immediately upon the Listing, and Tenzing granted May Flower a voting proxy over all the Shares held by it. For further details see “—Major Shareholding Changes of Our Company — Voting Agreements” above.

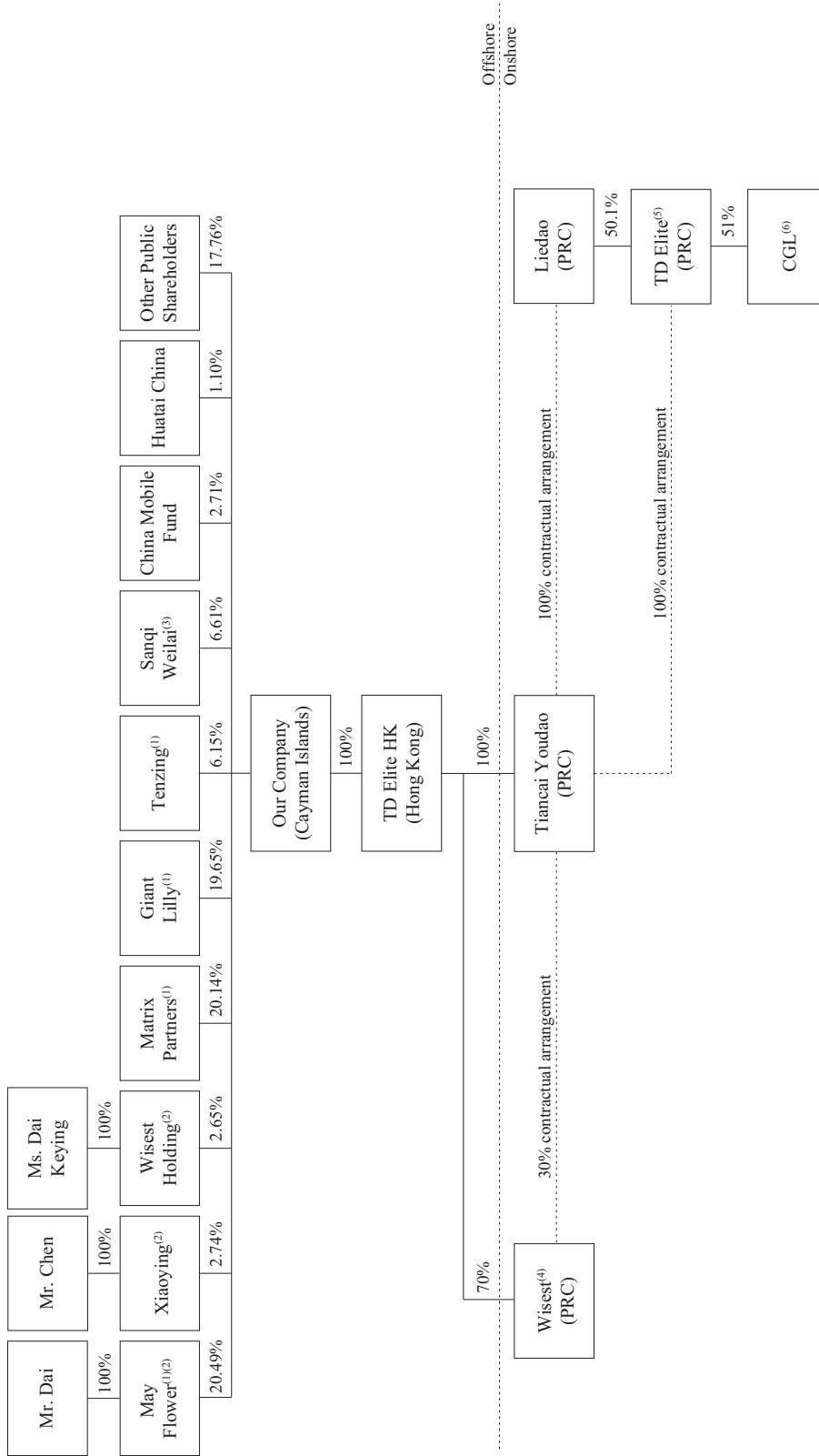
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (2) Each of Xiaoying and Wisest Holding entered into the Shareholders Voting Agreement with May Flower, pursuant to which each of Xiaoying and Wisest Holding have granted May Flower a voting proxy over all the Shares held by them. For further details see “— Major Shareholding Changes of Our Company — Voting Agreements” above.
- (3) The general partner of Sanqi Weilai is Sanqi Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd. (三啟天才 (天津) 企業管理諮詢有限責任公司), which is in turn 99% held by Mr. Dai, an executive Director. The limited partnership interest of Sanqi Weilai is owned as to 34.90% by Shanghai Chuangji, 20.25% by Tianhong, 16.66% by Beijing Tianshi, 15.38% by Shanghai Weiyi, and 12.81% by Shanghai Zhenyi.
- (4) The remaining interest in Wisest is owned as to 17.80% by Mr. Dai, 2.38% by Mr. Chen, and the Holding Entities as to the following proportions: 3.05% by Tianjin Liejin Asset Management Partnership (Limited Partnership) (天津繼津資產管理合夥企業 (有限合夥)), 2.66% by Tianjin Liexin Enterprise Management Partnership (Limited Partnership) (天津繼鑫企業管理合夥企業 (有限合夥)), 2.68% by Tianjin Kualite Enterprise Management Partnership (Limited Partnership) (天津快繼企業管理合夥企業 (有限合夥)), and 1.43% by Tianjin Qilie Enterprise Management Partnership (Limited Partnership) (天津奇繼企業管理合夥企業 (有限合夥)). Pursuant to a control agreement dated October 15, 2015 entered into between Mr. Dai and the general partner and/or limited partner of each of the Holding Entities, Mr. Dai has control of the managerial and executive functions of the Holding Entities, and is therefore deemed to be interested in the equity interests held by the Holding Entities in Wisest.
- (5) The remaining interest in TD Elite is owned as to 6.675% by Tenzing, 21.88% by Matrix HK, and 21.345% by Giant Lilly.
- (6) The remaining 49% interest in CGL is owned by Mr. Zhuang Hua.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Company and our principal subsidiaries immediately following the completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised):



Notes:

(a) see notes (1) to (6) on the previous page for details

(b) immediately upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised), it is expected that approximately 21.57% of the Shares will be held by the public.

BUSINESS

Our Mission

We started our company to help every talent achieve greater career success. We strive to personalize talent services at massive scale through technology and innovation, creating a vibrant, trusted ecosystem that maximizes growth potential and value of every talent, business, headhunter and other talent service provider.

Overview

We are a pioneer in China's talent services market, operating the largest online talent services platform focused on mid- to high-end talents in terms of total revenue in 2017, according to CIC. Leveraging our deep understanding of talent, we foster a technology- and data-driven platform for both individual and business users to access a variety of talent services.

Launched in 2011, our platform connected and empowered approximately 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters as of December 31, 2017. Our ability to effectively connect talents with opportunities at scale has attracted an enormous user base, generated extensive data, and established us as a trusted brand among talent, businesses, headhunters and other talent service providers.

Our *Liepin* (獵聘) brand means “headhunting and recruiting” in Chinese. We distinguish ourselves from our competitors by leveraging technology and a network of headhunters to serve our individual and business users. Through our mobile app, website and branded WeChat official account, we offer a comprehensive set of talent services via our SaaS solutions, to help businesses acquire talents more effectively, to allow talents to advance their careers, and to incentivize headhunters to facilitate the entire hiring process. We are also diversifying our service offerings to other value-added talent services such as career coaching.

The foundation of our platform is our massive and fast-growing talent pool. As of December 31, 2015, 2016 and 2017, the average annual salary of our registered individual users was approximately RMB126,000, RMB131,000 and RMB144,000, respectively. We connect registered individual users with career opportunities, enable them to create and maintain an online professional profile and network, and offer them career services such as CV advisory services. This approach has allowed us to build a critical mass of talent base and increase their level of engagement. As of December 31, 2017, approximately 47.5% of our individual users update their profiles at least once during the past 18 months. We have also built China's largest professional social network in terms of number of registered individual users as of December 31, 2017, *Liepin Tongdao* (獵聘同道), for our registered individual users to follow and interact with each other and to access a rich library of career-related content. We offer the majority of these services at no cost, and generate a small portion of our revenues from the premium membership and CV advisory services provided to our registered individual users.

We offer business customers both basic subscription-based and more advanced headhunter-assisted, closed-loop talent acquisition services. These services allow business customers to accurately identify and acquire both active job seekers and suitable passive candidates for a particular opportunity in a more cost-effective and result-driven manner. We offer our business users *Liepintong* (獵聘通), a SaaS solution empowered by our proprietary algorithms and premium database that improve talent/job matching results. Our subscription packages offer various talent acquisition services at different prices, including basic solutions such as CV downloading. In addition, we offer headhunter-assisted, closed-loop talent acquisition services such as *Interview Express* (面試快) and *Onboarding Express* (入職快), which are designed to leverage services from headhunters to satisfy different hiring needs of our business customers. The number of job opportunities and business customers on our platform experienced significant growth. Approximately 1.2 million, 2.2 million and 2.5 million job postings were available on our online platform as of December 31, 2015, 2016 and 2017, respectively, representing a CAGR of 27.7%. As of December 31, 2015, 2016 and 2017, the number of business customers was 20,141, 30,957 and 39,887, respectively, representing a CAGR of 25.5%. We generate a substantial portion of our revenues from providing talent acquisition services to our business customers.

BUSINESS

Our headhunters play a vital role in connecting our individual users with career opportunities and facilitating the hiring process. We believe our strategy of leveraging services of headhunters properly aligns objectives among our individual and business users and enables us to facilitate more closed-loop hiring transactions via our platform. Our platform provides headhunters with a free SaaS solution, *Chenglietong* (誠獵通), to enable them to source candidates and manage their headhunting process more effectively. This increases the stickiness and engagement of headhunters, and mobilizes them to better serve our individual and business users through our platform, distinguishing us from other market players. As a result, our platform amassed 101,840 verified headhunters, representing approximately 29.1% of headhunters in China as of December 31, 2017, according to CIC. The total number of contacts with registered individual users by verified headhunters were approximately 127.2 million, 215.5 million and 482.1 million as of December 31, 2015, 2016 and 2017, respectively, representing a CAGR of 55.9%.

Leveraging our data, we have developed strong AI capability that accurately maps the background, experience, behavior, transactions and other relevant information of an individual user into an evolving talent graph. In this manner, we have become a trusted source of talent data, delivering more credible and accurate matching results and fostering a reliable environment for all participants in our ecosystem. We also harness proprietary transaction data generated from our closed-loop talent acquisition services, which helps us further optimize our matching results and efficiency.

We have experienced significant growth over the Track Record Period. Our total revenue grew from RMB345.6 million in 2015 to RMB587.1 million in 2016 and further to RMB824.7 million in 2017, representing a CAGR of 54.5%. In 2015 and 2016, our (loss)/profit RMB(230.7) million and RMB(139.7) million, respectively, compared to (loss)/profit of RMB7.6 million in 2017. Excluding the impact of share-based compensation, we had an adjusted (loss)/profit of RMB(222.4) million in 2015, compared to an adjusted (loss)/profit of RMB(128.5) million in 2016, and we had an adjusted (loss)/profit of RMB16.7 million in 2017. See “Non-IFRS Measure” in this prospectus for a reconciliation of such non-IFRS measure to its corresponding IFRS measure.

Our Strengths

Industry pioneer with innovative business model and trusted brand

We are a pioneer in China’s talent services market, according to CIC. Launched in 2011, we operate China’s first online platform that focuses on connecting and empowering a massive and growing network of talents, businesses, headhunters and other talent service providers, according to CIC.

Our hiring solutions have transformed the traditional talent acquisition approach by providing businesses with online access not only to active job seekers but also to relevant passive candidates at scale, according to CIC. We have also pioneered the headhunter-assisted, closed-loop talent services model by connecting both individual and business users to talent acquisition services provided by headhunters and other relevant service providers, according to CIC. We believe this is the fundamental power of our platform as we are empowering and incentivizing every participant to create greater value for each other. As a result, we have amassed valuable data by allowing each participant to engage in a variety of talent-related transactions on our platform.

Benefiting from our technology and innovation capabilities, we have a track record of developing innovative products and tools to cater to growing needs of our users, such as headhunter-assisted, closed-loop services, *Interview Express* (面試快) and *Onboarding Express* (入職快). According to CIC, we are one of the early movers in China’s talent services industry that utilized AI technology to efficiently connect individual users, businesses to highly relevant products and services.

We have established our market leadership under *Liepin* (獵聘), a strong brand trusted by all of our users. Our success is demonstrated by numerous awards, including the Most Influential Professional Organization awarded by Weibo.com in 2017. We have also been instrumental in promoting a higher trust and service standards in our industry by adopting a rating system for all users and fostering an engaging user network.

BUSINESS

Leading scale with powerful network effects

We operate the largest online talent services platform focused on mid- to high-end talents in China, in terms of total revenue in 2017, according to CIC. Our online platform connected approximately 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters as of December 31, 2017. Our platform and its critical role in connecting our talent base, business users and headhunters through professional social network and services are at the nexus of our services.

We have built China's largest professional social network, *Liepin Tongdao* (獵聘同道), in terms of number of registered individual users as of December 31, 2017. It offers a wide range of social functions including tweeting, commenting and mutual endorsement to enable our registered individual users to interact more immediately and intimately than was possible offline. This has led to more interactions among our individual users, increasing their engagement and stickiness and enhanced integrity and trustworthiness of our talent base.

Our talent network offers significant opportunities for business users to identify and attract job candidates. This in return drives a growing number of business users to offer more career opportunities. An increasing number of headhunters are also attracted to our platform to serve our individual and business users, which enhances user experience and drives sustainable growth of our platform. The headhunters on our platform serve as a crucial nexus between talents and business customers, as they connect our registered individual users with career opportunities, provide closed-loop talent acquisition services to our business customers, and facilitate the entire hiring process. As of December 31, 2017, the total number of contacts with our registered individual users by our verified headhunters was approximately 482.1 million, which amounted to approximately 12 contacts per registered individual user every year.

Unique talent service platform facilitating closed-loop transactions to support monetization

We are a frontrunner in building a service-focused platform that connects a variety of customized talent service providers at scale. Drawing upon our understanding of the evolving needs of our users, we leverage headhunters and other talent service providers to offer customized, closed-loop talent acquisition services catering to different needs of our business and individual users.

Our headhunter-assisted, closed-loop talent acquisition services, such as *Interview Express* (面試快) and *Onboarding Express* (入職快), enable our business customers to request services online, obtain customized hiring services from AI-selected headhunters with result-driven fee structures, identify suitable candidates, and complete payment processes online. Such data-enabled services substantially improve hiring efficiency and lower the hiring costs of our business customers and generate transaction data to support the continued growth of our service platform.

Through our unique service model, we have successfully cultivated business customers' willingness to pay for premium talent acquisition services. The total number of our business customers grew from 20,141 in 2015 to 39,887 in 2017, at a CAGR of 40.7%. As of December 31, 2017, our business customers included 221 Fortune 500 companies and nearly 40% of our total revenue was derived from business customers that are companies in the fast-growing internet and financial industries. In 2017, we achieved a 85.8% renewal rate, which is calculated by dividing the revenue recognized in 2017 from existing business customers who had previously purchased our services by the total revenue received from all business customers in 2016.

Credible, dynamic, relevant and comprehensive talent graph with increasing data value

We believe we serve as the professional profile of record for mid- to high-end talents in China. Leveraging our talent network and closed-loop service platform, we have mapped out a comprehensive and expanding talent graph and accumulated data insights that are difficult to replicate.

BUSINESS

Our talent database garners a vast and growing amount of rich, up-to-date and relevant information of job candidates. Such information reflects an individual user's profiles, behaviors, social interactions, mutual endorsement, verification and transactions. We generate professional scores for our individual users based on profile completeness, mutual endorsement, career history and third-party verification. The networking and social functions of our online professional community enable us to capture user behavioral data. We collect and analyze user-generated data to model and predict user intentions and behaviors. Through providing a variety of closed-loop talent acquisition services to our users, we not only function as a massive transaction platform facilitating hiring transactions, but also generate proprietary transactional data to help us further enhance our service quality.

Since our launch in 2011, we have gained data insights from behavioral data, frequent CV updates and the progression of our individual users' career trajectory. As of December 31, 2017, approximately 47.5% of our individual users updated their profiles at least once during the past 18 months to enhance their profile visibility.

Proprietary technology with strong AI capability

We have developed a proprietary technology infrastructure that empowers every major aspect of our business, including platform operations, data collection and analytics, product development, sales, monetization, as well as customer service. Our technology infrastructure is scalable, which allows us to support a rapidly enlarging ecosystem with more users, data and services in a cost-effective manner. In 2017, we processed over 24 billion personalized job and candidate recommendations.

We combine our database with AI capability to enable our AI-powered service offerings. Through natural language processing and machine learning, we leverage our user data and transaction data gathered from headhunter-assisted, closed-loop services provided on our platform to predict user behaviors such as one's intention to switch jobs. We also deploy our AI technology to intelligently match job candidates with career opportunities and recommend suitable job candidates and headhunters to our business customers. In 2017, over 50% of job and candidate recommendations were automatically fed to our users using AI technology. Moreover, we utilize technology to ensure the authenticity and confidentiality of our user information, which has enhanced user affinity and strengthened our trusted brand.

In addition, technology plays an important role in our internal operations. We have developed a robust and integrated high-performance organization ("HPO") system that allows our employees to seamlessly carry out their respective functions, which helps to increase their productivity and enhances our operational efficiency.

Visionary, experienced and dedicated management

Our founder and CEO, Mr. Dai Kebin, is a well-regarded visionary in the talent services industry in China. He has been instrumental in the strategic direction, branding, platform architect, product design and development of our company. He also brings a wealth of experience in product development, branding and marketing from his prior tenure at P&G China. He was awarded as one of China's 40 business elites under 40 by Fortune in 2015.

We have an experienced senior management team with a proven track record of entrepreneurial success, as well as solid, diverse and complementary backgrounds in technology, product development, sales and marketing, finance and operation. Together with Mr. Dai Kebin, they have led our company through multiple milestones, including innovating closed-loop services model, enhancing data visualization, and introducing AI technology to the talent services industry in China. Our senior management has cultivated a company culture that embraces technology and innovation.

Members of our senior management team have served our company for an average of five years. They have contributed their valuable prior experience of running critical functions and projects within leading multi-national companies in China. We are confident that our senior management will further grow our ecosystem, strengthen our brand image, and lead us to achieve our mission.

Our Strategies

We seek to connect and empower a massive group of talent, businesses, headhunters and other talent service providers. We plan to attract more partners to our platform and generate more closed-loop transactions to further enrich our database and enhance our user experience. To achieve our goals, we intend to pursue the following strategies.

Grow talent base and enhance user experience to maximize their long-term value

We plan to continue to drive the viral growth of our talent base by optimizing user registration, enhancing search engine and mobile channel marketing, and promoting our brand through word-of-mouth referrals and selective marketing.

As our talent base continues to grow, we intend to strengthen our engaging online social community that provides more social and professional networking opportunities, offering our individual users more opportunities to expand their network and progress their careers.

We will also continue to precisely recommend relevant career opportunities, social connections and career-related content to our individual users, and deliver personalized services to meet their evolving demand throughout their career lifecycles.

In addition, we intend to expand our market share in the underserved yet fast-growing professional career services market by mobilizing headhunters and other talent service providers to offer additional value-added services such as career coaching and other career-related services to both our individual and business users.

Expand business customer base and broaden product offerings to increase monetization

Our high-quality business customer base is crucial to our future growth. We plan to further grow and diversify our customer coverage through tapping additional industry verticals and expanding our nationwide coverage to serve more businesses in China. Towards that goal, we intend to continue to diversify our marketing channels and enhancing our sales effectiveness.

We also intend to enhance engagement of our business customers by enhancing user experience, expanding functionalities of our value-added services, and strengthening customer service and support. We will also broaden our product offerings along the talent services value chain by leveraging the significant value of our extensive database and ecosystem participants.

We believe the breadth and liveliness of our ecosystem generates significant monetization opportunities for us to better serve our business customers. As such, we also plan to develop diversified monetization channels across the talent services value chain, such as compensation and employee benefits management, professional and organizational training, and staffing management, to capture a larger customer wallet share in the future.

Introduce more partners to provide closed-loop services

We plan to attract more partners including headhunters and other talent service providers to serve our individual and business users, enabling and facilitating more closed-loop transactions and services via our online platform. As our platform generates more transactions and services among our individual users, business customers, headhunters and other talent service providers, we will be able to accumulate more valuable data through closed-loop transactions and interactions among a growing number of participants, which in turn will improve our service quality and efficiency and unlock additional monetization opportunities for headhunters, service providers and ourselves.

BUSINESS

For headhunters, we plan to continue to transform their services from traditional offline headhunting into an efficient online process taking place via our online platform. We also intend to mobilize headhunters to provide headhunting services to our business and individual users, in return providing them with access to our high-quality database and attractive revenue opportunities. In addition, we will continue to introduce other talent service providers to offer career coaching and other personalized value-added services on our platform to drive sustainable long-term growth of our platform.

Promote technology innovations and strengthen our AI and data capabilities

We will continue to promote our technology innovations and utilize the power of AI and big data technologies to better serve our ecosystem.

We intend to leverage technology to provide more tailored, more accurate and more diversified value-added services to all participants in our ecosystem. For example, we plan to continue to invest in AI technologies such as machine learning, knowledge graph and timing analysis. We also plan to further invest in big data technology to constantly analyze and address the rapidly evolving demand of our customers. We will continue to enhance our recommendation and matching algorithm and develop more insightful cognitive and personality assessment of our individual users by leveraging our extensive user behavior and transaction data.

Furthermore, we will continue to utilize AI and big data technologies to continue improving our operational efficiency as well as to analyze potential monetization channels to achieve greater returns from operating our ecosystem.

Further enhance our brand equity as a leading talent services platform

Our brand values trust, commitment and innovation. We have successfully developed a strong brand as a trusted talent base and one-stop talent services platform. By leveraging our market leadership, we will further increase the long-term value of our brand and services through word-of-mouth promotion amongst our individual users, business users, headhunters and other talent service providers.

To further enhance our brand, we plan to continue to deliver superior user experience, top-quality product offerings and value propositions to all participants in our ecosystem. Specifically, we seek to serve as the most insightful and dynamic professional profile of record for every talent in China. In addition, we will continue to devote more resources towards analyzing the user preferences and needs of China's millennial and younger professional generations who have a more sophisticated, diverse and international background. We also intend to develop and offer additional services to our business users across the talent services value chain through collaborations with our ecosystem partners. In this way, we believe we will be able to create greater value for everyone in our ecosystem and promote higher standards of trust and transparency in China's talent services industry.

Selectively pursue strategic transaction opportunities to penetrate other related markets

We plan to further strengthen our competitiveness through selectively pursuing strategic alliances, investments and acquisitions in the broader talent services market and the professional education market. During the Track Record Period, we made investments in MoSeeker and Unicareer, both of which we believe would offer us attractive business cooperation opportunities to expand into attractive, complementary markets in campus recruiting and social network recruiting. With respect to the broader talent services market, we will seek opportunities to enter into human resources management services. In the professional education market, we plan to diversify our service offerings in career development services through selective alliances and investments.

OUR ECOSYSTEM

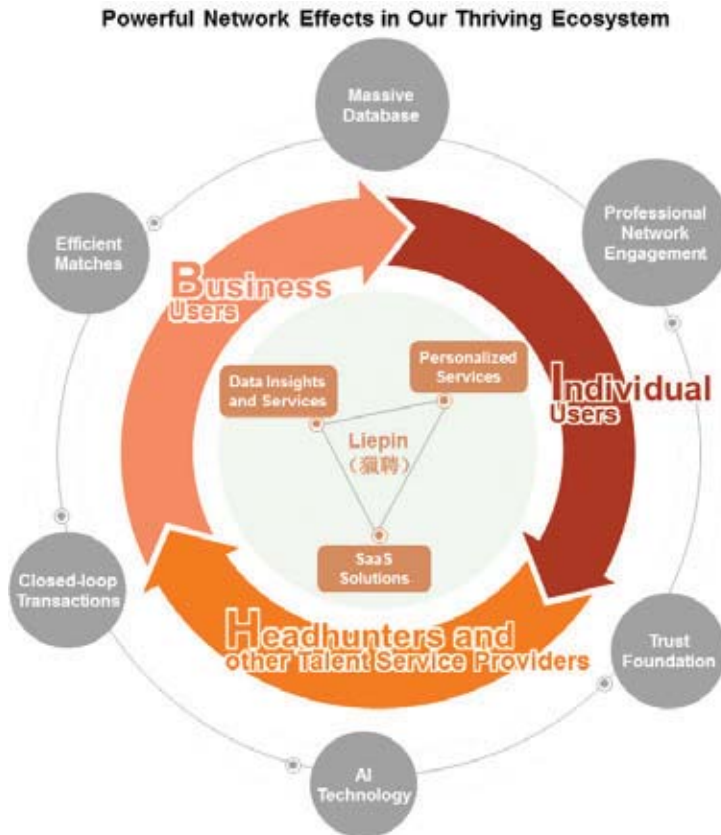
Around our platform we are building an ecosystem connecting our massive talent base with business users, headhunters and other talent service providers, with a goal for all of them to maximize their value throughout their career or business cycles. Through this ecosystem, we have transformed how talent is connected to opportunities and built a reputation as a trusted talent service platform for the participants in our ecosystem.

The following are our key ecosystem participants benefiting from our integrated online platform.

- ***Our individual users:*** Our large, fast-growing individual user base primarily consists of mid- to high-end professionals, most of whom have received a bachelor's or higher degree, have over three years of working experience or an annual salary of over RMB100,000. Historically underserved by traditional offline headhunters, such individual users need a credible and engaging network that allows them to present a rich professional profile and access a wealth of career opportunities. Individual users generally will actively look for jobs when they seek career changes and may otherwise remain as passive job candidates when they do not have the initiative to apply for new positions. In addition, they are increasingly seeking customized professional career services to advance their careers.
- ***Our business users:*** We serve a large group of high-quality businesses. In 2017, we derived nearly 40% of total revenue from business customers in the fast-growing internet and financial industries, and we currently serve more than 221 Fortune 500 companies across China. As of December 31, 2017, 74.7% of job postings published by our business customers had an average offered annual salary of at least RMB100,000. The intense competition for talent requires our business users to move away from oversaturated and ineffective job boards to seek customized talent solutions that can match them with suitable candidates among both active and passive job seekers at scale. Moreover, businesses have also been increasingly seeking result-driven, end-to-end talent solutions provided by headhunters and other talent service providers.
- ***Our headhunters and other talent service providers:*** We mobilize an extensive network of professional headhunters and other talent service providers. According to CIC, the traditional offline headhunter and talent acquisition services industry in China is highly fragmented, which provides such headhunters and service providers with an incentive to leverage our well-recognized brand name to reach a broader user base. Our platform amassed 101,840 verified headhunters, representing approximately 29.1% of headhunters in China as of December 31, 2017, according to CIC.

BUSINESS

The following diagram illustrates the powerful network effects and user interactions in our ecosystem.



We pride ourselves in our strong capability of combining our multi-dimensional database of the information of participants in our ecosystem with industry-leading AI technology to enable our AI-powered product offerings, delivering more accurate matching and recommendations and more personalized services. To further enhance the continued engagement of our users, we also foster an established and vibrant online professional social community empowered by a variety of social network functions and tools.

As a result, we provide the following value propositions to the following parties.

- **Value Propositions to Individual Users:** Our user-friendly platform enables each registered individual user to create and maintain an online professional profile which can be enhanced by mutual endorsement and verification. The accuracy, credibility and comprehensiveness of their talent graph increases the awareness of their professional identities and the opportunities to be identified by business users and headhunters in desirable ways. On our platform, career opportunities are recommended to each individual user in a personalized manner based on his or her talent graph. Also, our individual users can access an extensive professional social network to follow and interact with each other to enrich their professional lives. Additionally, we provide them with customized professional career services to help them achieve greater career success.
- **Value Propositions to Business Users:** We have revolutionized the traditional talent acquisition approach. Compared to traditional job boards, we leverage our AI and data technologies to deliver more personalized and accurate candidate matching and recommendation results. We not only provide our business users with easy access to a massive group of active and passive job candidates in a cost-effective manner, but also create a transaction platform for them to obtain closed-loop talent

BUSINESS

acquisition services from selected headhunters and service providers. Our platform also enables our business users to reach a large audience of talents, headhunters and other talent service providers to promote their corporate identity and enhance their brand awareness.

- ***Value Propositions to Headhunters and other Talent Service Providers:*** We provide access to a massive talent pool to headhunters for free and mobilize them to provide customized services online. Furthermore, we enable them to serve our business and individual users throughout the entire hiring process using our platform. We also continue to introduce more talent service providers to satisfy the evolving needs of our ecosystem participants. Our platform enables such service providers to target both individual and business users in need of their services and open new horizon in terms of expanding the scope of their customers.

The powerful network effects on our platform generate a strong momentum that continues to fuel our growth. In a nutshell, talents are attracted to our platform to connect to more career opportunities while more business users are attracted to us to access our growing talent base, as well as talent services provided by headhunters and other talent service providers. As we attract more individual and business users, more headhunters and service providers are seeking to join our platform. Headhunters serve as a crucial nexus between talents and business customers, as they take advantage of our platform to connect our individual users with career opportunities, provide closed-loop talent acquisition services to business customers, matching them with suitable talents, and facilitate the entire hiring process. In addition, their participation allows our business customers to complete their hiring transactions in a cost-effective manner on our platform, thereby generating extensive transaction data. Benefitting from services provided by more headhunters and service providers, our individual and business user bases continue to increase organically. Such a growth leads to more monetization opportunities, results in more closed-loop transactions and generates more data insights, thereby creating a virtuous cycle that generates greater value for all stakeholders.

OUR BUSINESS MODEL

We operate the largest online talent acquisition services platform in China focused on mid- to high-end talents in terms of total revenue in 2017, connecting and empowering approximately 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters as of December 31, 2017.

On our online platform, we offer a variety of talent services to our individual users, business customers and headhunters. During the Track Record Period, we generated a substantial portion of our revenues from providing talent acquisition services to our business customers, primarily in the forms of (1) customized subscription packages charging different fixed rates, such as CV downloading, and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon the completion of certain hiring milestones. Business customers who entered into contracts with us will be given a fixed amount of our virtual currency which has a 1:1 redemption rate to RMB. The virtual currency used for services on our platform represents prepayments from our business customers and is not refundable. The virtual currency can be consumed by our business customers on our online platform to access both subscription- and transaction-based talent acquisition services over the term of the contracts. Pricings of our subscription packages are determined based on the talent acquisition services selected by our business customers and our relationships with them, which typically range from RMB10,000 to RMB40,000 per package and generally have a term of 12 months. We also generated a small portion of our revenues by (1) providing professional career services, such as premium membership services and CV advisory services, to our registered individual users, and (2) directing individual user traffic to other internet service providers.

BUSINESS

The following table sets forth sources of our revenue for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Source of Revenue:						
Talent acquisition services provided to						
business customers	336,383	97.3	578,609	98.6	795,756	96.5
Individual users	9,225	2.7	8,490	1.4	27,243	3.3
Others	—	—	—	—	1,663	0.2
Total	<u>345,608</u>	<u>100.0</u>	<u>587,099</u>	<u>100.0</u>	<u>824,662</u>	<u>100.0</u>

The table below shows our key operating metrics as of the dates indicated. Please refer to “Glossary of Technical Terms” in this prospectus for the definitions of such metrics.

	As of December 31,		
	2015	2016	2017
Individual Users			
Number of registered individual users (in millions)	25.0	32.7	38.9
Number of individual paying users	60,198	66,651	89,606
Average annual salary of registered individual users (in RMB)	126,346	131,404	144,286
Number of CVs (in millions)	25.0	32.7	38.9
Business Users and Customers			
Number of verified business users	75,088	160,399	248,600
Number of business customers	20,141	30,957	39,887
Number of job postings (in millions)	1.2	2.2	2.5
Headhunters			
Number of verified headhunters	62,392	82,545	101,840
Number of contacts with registered individual users by our verified headhunters (in millions)	127.2	215.5	482.1

We have introduced our online SaaS solution, *Liepintong* (獵聘通), to our business customers where they can access via PC and mobile app a variety of online talent acquisition services including job postings, AI-empowered CV search, recommendation and downloading, as well as headhunter-assisted, closed-loop services based on their respective service packages.

For our individual users, we offer a diverse range of online talent services for free, including professional profiles, AI-assisted job recommendations as well as social network and career content services via our online professional network *Liepin Tongdao* (獵聘同道). We also provide them with fee-based professional career services, such as premium membership services and CV advisory services.

To facilitate talent acquisition services provided to our business and individual users, we leverage an extensive and engaging network of headhunters and other service providers to provide headhunter-assisted, closed-loop talent acquisition services, namely *Interview Express* (面試快) and *Onboarding Express* (入職快). We mobilize them to provide customized hiring services to our users by offering them revenue opportunities and access to our massive talent base. In general, headhunters can download and review CVs by using our virtual currency earned from obtaining positive feedback from our individual and business users.

BUSINESS

The following table sets forth a summary of the features and fee models of our key products and services to our individual users, business users and headhunters.

Key Products and Services	Main Features
For registered individual users	
Professional Profile	Creation of a rich and comprehensive online professional profile
Job and Headhunter Recommendation	AI-enabled job and headhunter recommendations
Professional Social Network and Career Content	Professional social network services and access to an online library of career-related content
Premium Membership	Access to enhanced functions and tools
CV Advisory	One-to-one CV advisory services
For verified business users	
<i>Subscription-based Services</i>	
Job Posting	Job postings that allow business users to present their job openings in an attractive and user-friendly manner
CV Search, Recommendation and Management	AI-empowered CV search and recommendation
HR Internal Synergy Tools	Tools that allow multiple colleagues of a hiring business to manage its hiring process
360-Degree CV (全景簡歷) Downloading	Downloading of 360-degree CVs
Intent Communication with Job Candidates	Communication by our consultants from Global Career Development Center with job candidates to confirm their initial intentions to apply for a new job
Invitations to Apply for Jobs	Inviting relevant and suitable candidates to apply for a position
<i>Express Hiring 2.0 (急聘2.0)</i>	Top display of job postings within the same industry and same location for a specific period of time
<i>Enterprise Station</i>	Customized HTML5 webpage design services
Salary Reports	Big data-empowered salary reports for selected industries
<i>Transaction-based Services</i>	
<i>Interview Express (面試快)</i>	Headhunter-assisted, closed-loop talent solutions leading up to candidate interview
<i>Onboarding Express (入職快)</i>	Headhunter-assisted, closed-loop talent solutions leading up to candidate onboarding
Headhunter Direct Recommendations	Direct CV recommendation from headhunters
Background Checks	Background check on candidates as part of onboarding process
Recruiting Process Outsourcing (“RPO”)	One-stop hiring solution to completely outsource hiring process

BUSINESS

Key Products and Services

Main Features

For verified headhunters

Job Posting	Job postings that allow headhunters to present their job openings
CV Recommendations	AI-empowered CV recommendation
CV Downloading and Management	CV downloading and management
Headhunter-assisted, Closed-loop Services	See <i>Interview Express</i> (面試快) and <i>Onboarding Express</i> (入職快); by revenue-sharing arrangements

OUR SERVICES

Our Service Philosophies

We serve our users based on the following philosophies.

- ***Drawing a talent graph with increasing value.*** We believe the rich and dynamic talent graph we help our individual users create substantially enhances their ability to connect with career opportunities and also provides significant value to business users seeking to identify the most suitable candidates.
- ***Delivering closed-loop services via a one-stop online transaction platform.*** We dedicate to delivering a full spectrum of result-oriented talent services to both individual and business users on our one-stop transaction platform. We have developed this capability by leveraging our deep understanding of our massive base of talent, business users, headhunters and other talent service providers.
- ***Fostering a trusted and credible user community.*** We strive to cultivate a trusted and credible community of individual users, businesses and headhunters which promotes increasing utilization of our services, higher levels of engagement and increased value for all of our ecosystem's participants.
- ***Empowering our services with technologies.*** We have made significant investments in proprietary technologies in order to support our growing ecosystem. Our proprietary big data and AI technologies enable us to perform real-time data analyses at massive scale to support our services.

Our Products and Services to Individual Users

We deliver our talent services to our individual users mainly through our *liepin.com* website, mobile app *Liepin Tongdao* (獵聘同道) and our branded WeChat official account. Such services include professional profile, job and headhunter recommendations, professional social network and career-related content, premium membership services and CV advisory services.

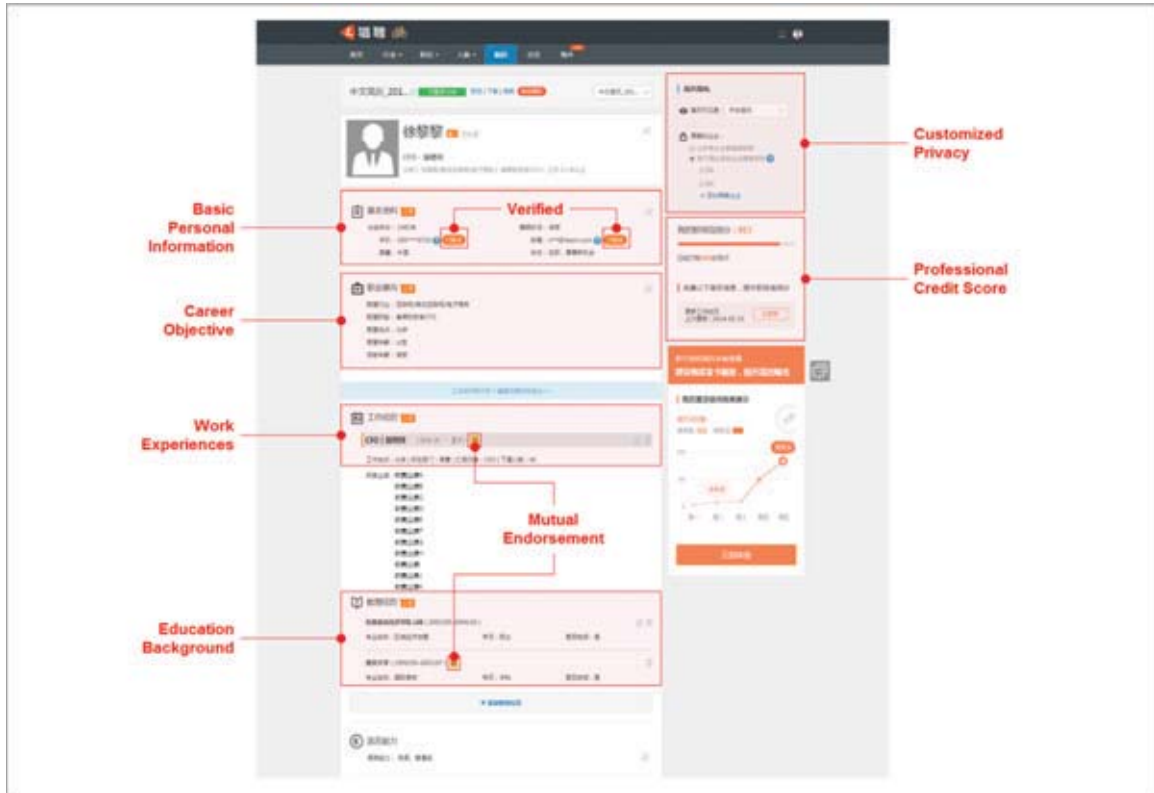
Registered individual users can post their CVs for free on our online platform, regularly receive AI-powered personalized job recommendations, and search job postings using keywords or based on a number of criteria, including job function, job title, city of employment and industry. Through our website and mobile app, they can also connect to and interact with other individual users, headhunters and HR personnel of our business users. We have also built China's largest professional social platform in terms of number of registered users as of December 31, 2017, *Liepin Tongdao* (獵聘同道), for our individual users to follow and interact with each other and access a vast array of career-related content. Our branded WeChat official account also allows our users to integrate our services into their social media functions, thereby further driving user engagement.

The following screenshots illustrate the interfaces of our website and mobile app *Liepin Tongdao* (獵聘同道).



Free Basic Services

- *Professional Profile.* Each registered individual user can create a full online professional profile incorporating 28 different dimensions, including basic personal information, career objectives, work experiences, education background and salary information. Customized privacy settings allow them to make their profiles only viewable by certain group of users. Similarly, individual users can also opt to block views by any other user to achieve more customized privacy. Also, each member's professional profile captures multi-dimensional, dynamic behavior data from his or her activities on our platform, such as their search and browsing history as well as their prior job applications via our platform, thereby creating an ever-expanding talent graph. We verify our individual users' profiles through mutual endorsement and verification among individual users, career history and third-party data sources. Based on such information, we auto-generate a professional credit score for each registered individual user. Below is a typical professional profile shown on our platform.



- Personalized Job and Headhunter Recommendation.* We leverage our big data and AI technology to provide customized job and headhunter recommendations that match individual users' experience, qualifications and preferences. Registered individual users can directly apply for jobs by submitting their CVs to the hiring business via our platform. They may also reach out to selected headhunters on a private basis to seek more tailored recruiting services. We strive to provide up-to-date information to our users. To ensure our job recommendations are current and up to date, we systematically remove job postings posted by business customers that have been placed for more than 90 days. Our matching algorithm also takes into account dynamic behavioral data of our individual users to produce more accurate job recommendations.
- Social Network and Career Content Services.* Our Liepin Tongdao (猎聘同道) mobile app offers our registered individual users an engaging professional network to follow, connect and interact with other users and business parties. As of December 31, 2017, it was China's largest professional social network in terms of number of registered individual users. Our various social functions including instant messages, tweeting, commenting and mutual endorsement enable them to interact more immediately and intimately than was possible offline. In addition, we have also built an AI-enabled career-related online content library catering to the diverse preferences and interests of our individual users, which cultivates a more engaging and loyal user base. This diversified content library not only helps us attract individual users and increase user engagement, but also lends itself well to future monetization opportunities from our individual users. With our massive user data, we are uniquely equipped to continue diversifying our content library and recommending the most relevant content to our individual users. The following screenshots illustrate the functions and tools available on our Liepin Tongdao (猎聘同道) mobile app.



Paid Value-added Services

- Premium Membership Subscription.* We offer our individual paying users premium membership packages under different pricing plans on a monthly, quarterly, semi-annually and annual basis. Individual paying users can access a variety of enhanced functions and tools including top placement of their professional profiles, and group messaging to a large number of headhunters and business HRs. The prices for such premium membership packages range from RMB130 to 450 per month. As Chinese professionals are becoming more willing to pay for premium talent and professional network services, we believe we are well positioned to further drive our individual paying user base, increase user stickiness and capitalize on related monetization opportunities.
- CV Advisory.* We offer CV advisory services at different prices, tailored to the different needs of individual users based on the length of their work experience. We leveraged over 700 third-party professional advisors to provide one-on-one CV advisory services to help our individual users explore the best way to land their dream jobs. Such advisors comprise human resource professionals with over six years of work experience and professional headhunters with at least five years of work experience. Based on the relevant qualification and experience of the third-party professional advisers who provide services to our individual users, our fees for CV advisory services typically range from RMB500 to RMB1,500 per consultation. We typically entered into a contract with such third-party advisors pursuant to which we shared a fixed fee with the advisors.

Individual User Registration and Verification Procedures

We adopt and implement a comprehensive suite of registration procedures to examine and verify the authenticity of the identification information of our registered individual users. Individual users need to register on our online platform to create user accounts in order to access our talent services. To complete registration for an individual user account, one will need to complete our mobile phone or email verification procedures and provide a list of personal and professional information such as name, current employer, current title, and mobile

BUSINESS

number. We have mechanisms in place to ensure each registered individual user corresponds to one unique user ID based on the personal information and mobile contact he or she enters.

When registering an account with our online platform, individual users are required to acknowledge and accept our online platform terms and conditions, which may be amended by us from time to time. The terms and conditions provide general rules that govern the behavior of our individual users on our online platform. In addition, individual users are required to make an undertaking to confirm the accuracy of the information provided to us. We retain the right to reject any registration application by any individual user.

To enhance the integrity and trustworthiness of our platform, we have established an AI-enabled rating system that rates and classifies our individual users into different categories based on their professional profile and behavioral data. Drawing upon our AI and data technologies, we are able to generate insightful professional scores for our individual users based on profile completeness, mutual endorsement and verification, career history and third-party verification. We also expect to continue to introduce more user rating metrics on our online platform, aiming to further improve the integrity and trustworthiness of our ecosystem.

Our Products and Services to Business Users

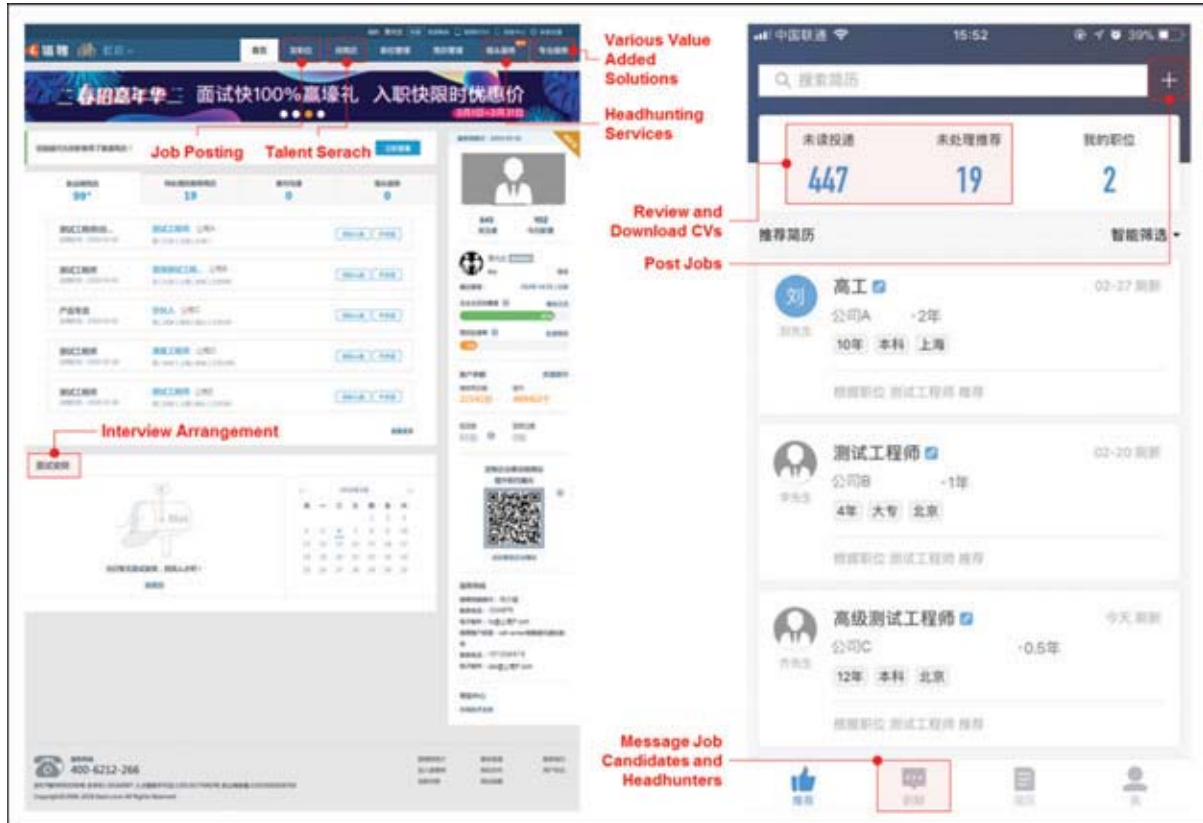
By leveraging our large and fast-growing user base, we provide our verified business users and business customers with a broad range of free and paid talent acquisition services via our platform.

Our SaaS Platforms

We provide our talent acquisition services to our verified business users primarily via *Liepintong* (獵聘通), enabling them to access a wide range of basic and advanced talent solutions via PC and mobile app.

Liepintong (獵聘通). *Liepintong* (獵聘通) is a one-stop online SaaS interface provided to our verified business users. From *Liepintong* (獵聘通), our verified business users can access a vast array of basic talent solutions and tools including job posting, talent search, internal collaboration and big data analysis. We offer the basic services for free and our verified business users can purchase various value-added solutions which can also be accessed from *Liepintong* (獵聘通). The mobile app version of *Liepintong* (獵聘通) enables verified business users to message job candidates and headhunters anytime and anywhere, to post jobs and to download and review CVs.

The following screenshots illustrate the interface and main functions and tools available on the PC-based and mobile app versions of *Liepintong* (猎聘通) respectively.



Our Free Basic Talent Acquisition Services

We provide a variety of AI-enabled basic talent acquisition services to our verified business users for free.

- Job posting.* Verified business users can post jobs via *Liepintong* (猎聘通). By requiring verified business users to provide a comprehensive set of information, such as job title, location, salary and requirements, we modularize the job details to provide an easy tool for verified business users to present their job openings online. Subject to verified business users’ choice of job posting’s publicity, our registered individual users and verified headhunters can browse for job openings under different classifications or search for job openings by keywords encoded in all job postings. We typically remove job postings older than and not accessed for 90 days from our online platform. To screen and filter job postings, texts and content of job postings are also screened by our customer support staff assisted by our proprietary automated identification system.
- CV search, recommendation and management.* Verified business users may search our large CV database for free and download CVs for further evaluation and contact at a fixed price. See “— Our Paid Advanced Talent Acquisition Services — 360-degree CV review and downloading.” They are able to personalize their searches using key words, such as job location, work experience and education background. Powered by AI and big data technologies, our algorithm allows verified business users to produce accurate and relevant search results and target the most suitable active job seekers as well as passive candidates. Leveraging our AI technology, we also automatically recommend CVs to our verified business users based on their specific hiring needs as well as the potential candidates’ talent graph.

BUSINESS

- *HR Internal Synergy Tools.* We enable multiple colleagues including both responsible business managers and HR personnel of a hiring business to manage shared job postings, CVs, prior communications with job candidates, review and evaluation results, and headhunter contacts from their separate accounts. This service is designed to allow different stakeholders within a business to co-manage the hiring process via the same platform, thereby significantly improving its hiring efficiency.
- *Enterprise Station.* We provide customized HTML5 webpage design services to our verified business users, helping them to gain more exposures to potential candidates via mobile app. This service allows them to design and present their job postings in a variety of formats, graphic banners and text links, which helps them attract candidates in a more effective manner. Our verified business users are able to create, promote and control their corporate identities and enhance their brand awareness, all at scale and on a cost-effective basis.

Our Paid Advanced Talent Acquisition Services

In addition to our basic talent acquisition services, our business customers can enter into subscriptions with us and purchase customized subscription packages to access the following key advanced talent acquisition services to further optimize their hiring process. Pricings of our subscription packages are determined based on the talent acquisition services selected by our business customers as well as our relationships with such business customers, which typically range from RMB10,000 to RMB40,000 per package and generally have a term of 12 months. Business customers who have purchased our subscription packages will be given a fixed amount of our virtual currency which has a 1:1 redemption rate to RMB and can be consumed by our business customers on our online platform to download CVs, activate other tools and functions and launch our headhunter-assisted, closed-loop talent acquisition services over the term of the subscription package. In 2017, all of our business customers had used our subscription-based talent acquisition services.

In addition, business customers can also elect to purchase our headhunter-assisted, closed-loop talent acquisition services, primarily *Interview Express* (面試快) and *Onboarding Express* (入職快) for which they will pay us a fixed fee upon the completion of certain milestones based on the offered annual salary of the particular job. In 2015, 2016 and 2017, a majority of our business customers had used our transaction-based talent acquisition services. Our business customers had launched new hiring via *Interview Express* (面試快) and *Onboarding Express* (入職快) for a total number of 46,404, 69,128 and 89,358 times in 2015, 2016 and 2017, respectively. Our service fees for headhunter-assisted, closed-loop services, namely, *Interview Express* (面試快) and *Onboarding Express* (入職快), typically range from RMB2,000 to RMB80,000, depending on the offered annual salary of the particular job postings as well as the different hiring milestones sought to be achieved by such business customers.

- *360-Degree CV Review and Downloading.* Business customers can access and download comprehensive CVs of both active job seekers and passive candidates using our virtual currency. Our comprehensive CVs not only cover 28 different dimensions of one's traditional background information, such as education background, work experience, expected salaries and preferences, but also incorporate a professional credit rating calculated based on both user data and third-party sources, his or her dynamic, up-to-date behavioral data such as one's preferences for jobs, search and browsing history on our platform, as well as past job applications. Compared with traditional CVs, our comprehensive and dynamic CVs enable a panoramic and credible overview of the job candidates before initiating any contacts with them, thereby enhancing business customers' efficiency in seeking most suitable talents. In addition, we enrich our CVs by providing insightful benchmarking and school ranking information from third-party authorities to enhance our business customers' understanding of a candidate's education background. We typically charge RMB20 to RMB100 per CV for our business customers to access our 360-degree CV review and downloading services, depending on the profiles of the relevant job candidate and our commercial relationships with the business customers. Below is a screenshot showing the interface of a 360-degree CV.

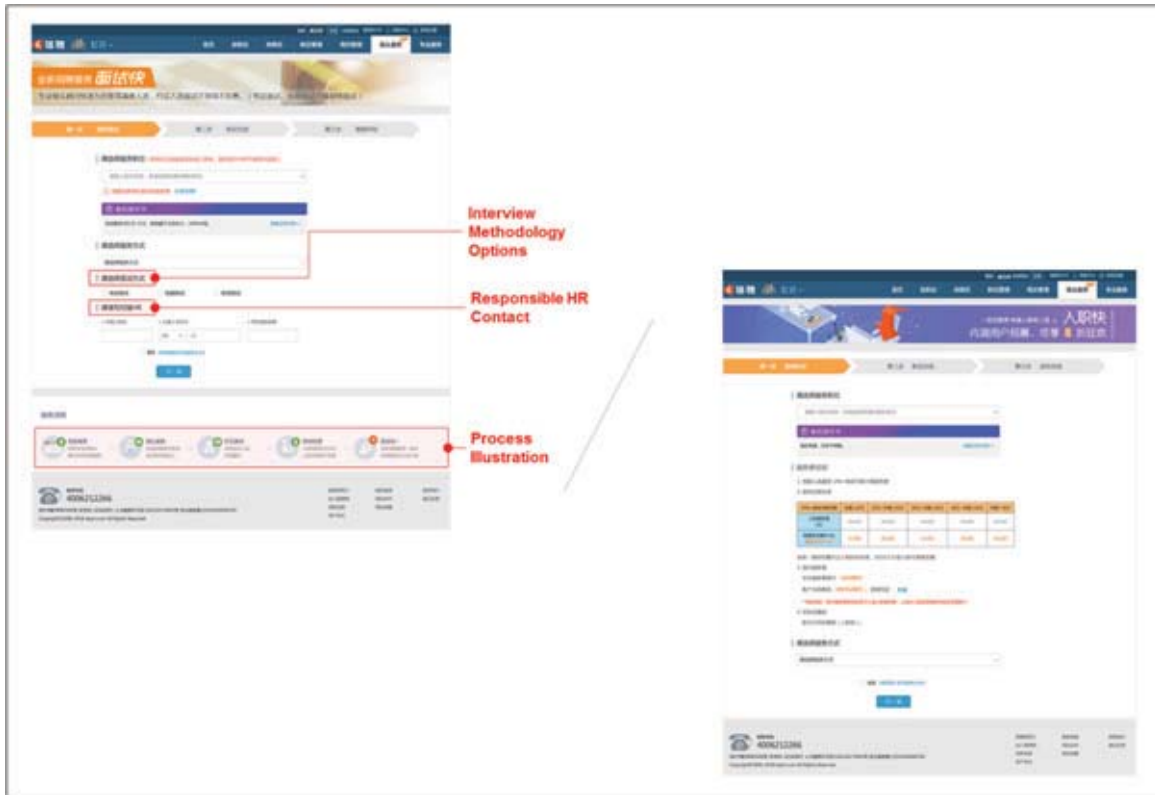


- Intent Communication with Job Candidates.* Recruiting consultants of our Global Career Development Center reach out to job candidates on behalf of business customers to confirm the intentions of selected candidates by asking them a standard list of ten questions relating to their location, position, salary and other preferences. Feedback from the selected candidates will be instantaneously provided to business customers and further incorporated into the candidates' talent graph and data profile. This solution is particularly useful to those business customers who have a large number of CVs to review under time pressure. It also facilitates the hiring process and communication efficiency when a business customer identifies a passive job candidate who may not have the initiative to apply for the job. We typically charge RMB200 for each job candidate upon providing confirmation results to the requesting business customers.
- Invitations to Apply for Jobs.* Leveraging our AI technology, we select and recommend the most relevant and suitable candidates for our business users to invite to apply for a particular position. Leveraging our wealth of user data and automated matching capabilities, this function effectively enables any HR personnel of a business to reach as many as 1,500 AI-matched candidates with one click, helping business users to obtain a great number of CVs with active intention of application. Business customers typically will pay RMB500 per job candidate for our services upon sending invitations to job candidates by using our virtual currency.
- Express Hiring 2.0 (急聘2.0).* Business customers can purchase this service to request top display of their job postings within the same industry and same location for a specific period of time. With this service, we provide directional display empowered by our algorithm, more exposures to potential candidates and optimized ranking of job postings based on business customers' hiring needs. We typically charge business customers RMB500 per job posing for this service.
- Headhunter Direct Recommendation.* Business customers may request headhunters to provide direct CV recommendations at no cost. They will then pay us to download any recommended CV using our

BUSINESS

virtual currency. This solution bridges the needs for talents from business customers with the insights and private-owned CVs from headhunters, enlarging the source of talents for our business customers.

- *Interview Express (面試快)*. As the first headhunter-assisted, closed-loop talent acquisition service offered in China's talent acquisition services industry according to CIC, it allows our business customers to customize their job postings, select suitable headhunters online to recruit for a specific job, and seamlessly manage multiple headhunters as well as the entire hiring process on one integrated platform. By virtue of our AI technology and algorithm, we recommend the most suitable headhunters to our business customers based on their relevant expertise, recruiting track record as well as user review and feedback. Typically, the recommended headhunter will initiate conversations with a business customer within two working hours after initiating *Interview Express (面試快)* and recommend relevant CVs to the business customer within 24 working hours after initiating *Interview Express (面試快)*. Business customers only need to pay for our services at a fixed rate ranging from RMB2,000 to RMB9,000 upon occurrence of job interviews based on the offered annual salary of the particular job and we will further pay a portion of such fees to the headhunters to compensate their services. As of December 31, 2017, 40,575 business customers had used *Interview Express (面試快)* to hire for over 210,000 positions on our online platform.
- *Onboarding Express (入職快)*. Similar to *Interview Express (面試快)*, *Onboarding Express (入職快)* is another headhunter-assisted, closed-loop talent acquisition service allowing business customers to pay for our services at a fixed rate ranging from RMB15,000 to RMB80,000 based on the offered salary of the particular job upon candidates' successful onboarding. Under this solution, we will help a business customer to navigate the entire hiring process, from recommending CVs to scheduling interviews, from negotiating offers to facilitating the onboarding process. We will further pay a portion of the fees to the headhunters to compensate their services. *Onboarding Express (入職快)* fully integrates our massive online talent pool with customized headhunter resources as well as other relevant service providers such as background check firms, thereby streamlining the entire hiring process for our business customers without compromising service quality or efficiency. The following screenshots illustrate the interfaces of our *Interview Express (面試快)* service and *Onboarding Express (入職快)* service.



- Background Checks.** We engage reputable service providers to offer background check services to different extents to business users as part of their candidate onboarding process. Such background check service typically charge different prices based on different services, such as identification verification, degree or diploma verification, work experience verification and legal proceedings check. We charge such services at fixed rates typically ranging from RMB78 to RMB1,088 based on the scope and time frame of such background checks.
- Recruiting Process Outsourcing (“RPO”).** Business customers can subscribe for our one-stop hiring solution to fully outsource any part of or their entire hiring process to us. For our RPO customers, our customer support team will provide tailored services at every stage of the hiring process with guaranteed results pre-agreed with the business user. Such services typically include CV screening, interviews, recruitment analysis and strategy, online and offline job postings, detailed day-to-day execution of recruitment plans and candidate recruitment on behalf of our business customers. To further boost user experience and satisfaction, we make the entire RPO process open and transparent to our business customers via our SaaS platform *Liepintong* (獵聘通), allowing them to actively monitor each stage of the hiring process and contact our customer support staff for any requests. We enter into agreements with our business customers who elect to purchase our RPO services. The terms of such agreements typically range from one to three months and cover an agreed list of positions requested by such business customers. We charge our RPO services at fixed rates typically ranging from RMB1,000 to RMB12,000 per position or at certain percentages of the offered annual salary of a position based on different hiring milestones.
- Salary Reports.** We offer comprehensive salary reports to our business customers typically at RMB3,000 per city and industry on a quarterly basis. Instead of conducting traditional offline salary surveys, we leverage our AI capabilities and enormous data insight to capture and analyze a comprehensive suite of salary related data across three industries, namely internet, finance and real estate, generated by our users as well as transactions and services generated via our online platform.

BUSINESS

Such data-driven approach not only allows us to produce salary reports in a cost-effective manner, but also enhances the credibility and insightfulness of our salary reports, offering additional value propositions to our business customers.

Business User Onboarding and Verification Procedures

For registration by our verified business users, we require them to submit their phone numbers, business licenses issued by the relevant PRC government authorities and relevant governmental approvals, including copies of their company registration information, before the execution of the service subscription agreement. Such procedures include searching for and examining public records for their legal and credit related information, and leveraging online business background check services to perform additional background check procedures on such business users.

Verification of Job Postings

We have established control procedures to verify the authenticity of job postings on our online platform and systematically remove stale, false and illegal job postings from our online platform based on user complaints and our internal control procedures. Specifically, we leverage our technology and data to conduct sensitive content searches to detect false or fraudulent job postings and any other inappropriate or illegal content. Such identification system screens job postings based on pre-set keywords and anti-spam system as well as similarity analysis against our database. We also adopt a whistle-blower hotline to encourage our registered individual and business users and verified headhunters to report false and outdated job postings. Once we receive and verify notifications regarding disingenuous or illegitimate job postings, we promptly review and remove them from our online platform. Furthermore, we deploy technology to automatically remove job postings by business customers that have been placed for more than 90 days. In addition, our internal monitoring team employs procedures that include machine screening to remove postings for positions that have been filled or are associated with multiple job postings open for the same position. The monitoring team manually reviews certain flagged job postings (when the system cannot make a judgment) to make judgment based on our job posting content policies on whether to remove or retain to ensure the integrity of such postings. Our system will then notify the relevant business user of the removal of its job posting. See “Risk Factors — Risks Relating to Our Business and Industry — We are exposed to potential legal liability associated with providing talent services, which may have a material adverse effect on our business and results of operations.”

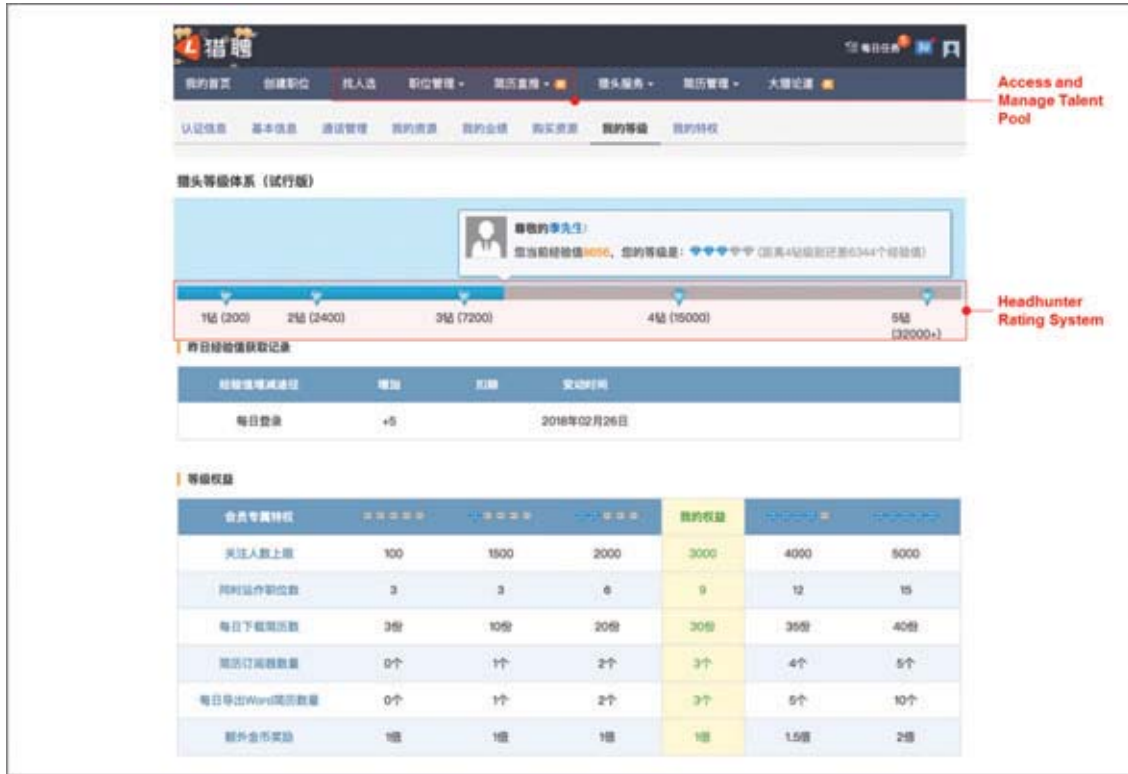
Our Headhunters

Headhunter Services

We empower both our individual and business users with high-quality, tailored services offered by our verified headhunters and other talent service providers. To fully maximize their service quality and incentives, we develop *Chenglietong* (誠獵通), a SaaS solution specifically designed for headhunters. Fundamentally different from any other online recruiting platform, headhunters cannot only source and manage their candidates in customized ways via *Chenglietong* (誠獵通), but also streamline and optimize their internal management throughout their service process. It enables both professional recruiting firms and individual headhunters to manage their operations via a one-stop online platform. A professional recruiting firm is allowed to register different individual headhunters under its account and allocate its virtual currency among such individual headhunters. Supervisors at a professional recruiting firm can also review and evaluate the performance of their individual headhunters and access comprehensive data analysis produced by us.

Individual headhunters can post jobs, download, manage CVs and initiate contacts with potential job candidate via *Chenglietong* (誠獵通). Headhunters can access our talent pool to search and browse individual user profiles without contact information at no cost but need to use our virtual currency to download CVs. Virtual

currency can either be earned by obtaining positive feedback from our individual and business users or purchased directly from us at a fixed exchange rate to RMB. As a result of such arrangements, headhunters are incentivized to provide high-quality customized hiring services to our business and individual users, thereby enhancing the virtuous cycle and service quality of our ecosystem. Empowered by our AI and big data technologies, we recommend relevant CVs and job postings to headhunters for free. The following screenshot demonstrates the interface and key functions and tools of *Chenglietong* (誠獵通).



Headhunter and Service Provider Onboarding and Verification Procedures

We adopt a strict onboarding process to ensure headhunters and other service providers on our platform are reputable and legally approved to deliver relevant services under applicable PRC laws and regulations. As part of such onboarding and verification process, we typically require headhunting firms and service providers to submit their government-stamped business licenses and relevant qualification certificates for verification purposes.

For each individual headhunters, we also require them to provide their government-issued ID and professional certificates. We also adopt a phone verification system by calling individual headhunters on their land lines to verify their identities. Additionally, we search public records for their credit and legal information. Furthermore, we require all individual headhunters who have passed our verification process to participate in our training. Once a verified headhunter is successfully registered with our platform, we continue to collect and algorithmically analyze feedback and review provided by our individual and business users as well as behavioral data of such headhunters. Based on such information, we are able to categorize each verified headhunter based on their expertise, transaction record and review and feedback.

R&D, TECHNOLOGY AND DATA CAPABILITIES

Our R&D, Technology and IT Infrastructure

Technology is crucial to the success of our business. Since our inception, we have cultivated a culture of innovation and invested significantly in technology. We strive to operate a highly-intelligent, scalable and

BUSINESS

modularized online platform to help talent achieve their goals, and utilize technology to increase our own operating efficiency and further scale our business in a cost-effective manner. We offer talent service across user-friendly and feature-rich interfaces on both PC and our mobile apps as well as our branded WeChat official account. Designed for scalability and flexibility, our technology infrastructure handles massive volumes of data required to evaluate a large number of user profiles, facilitate an enormous amount of transactions and activities engaged by our users, match our users with services and information that meet their needs, and monitor data and information privacy and security. We believe it is best-in-class in China's online talent services industry and not easily replicated by our competitors.

During each of the three years ended December 31, 2015, 2016 and 2017, our total R&D expenses amounted to RMB66.4 million, RMB86.4 million and RMB91.9 million, approximately, representing 19.3%, 14.7% and 11.1% of our total revenue during the same periods, respectively. During the same years, we had successfully carried out 1,835, 2,930 and 2,538 R&D projects, which included various upgrades made to improve our system security, system architecture, SaaS solutions and customer services provided to our business users and headhunters, as well as numerous optimization made to tools and functions available to our individual users. Such R&D improvements have allowed us to continuously enhance our user experience, customer services as well as our own operating efficiency, therefore significantly contributing to the development and success of our business. We plan to continue our investment in R&D activities to enhance our technology innovation, data analytics and product development capabilities. As of December 31, 2017, we maintained a dedicated R&D team of 228 employees mainly consisting of software engineers and data specialists. Such employees on average had over five years of research and development experience in the Internet and technology related industries. Most of our R&D employees are data specialists and software engineers who have bachelor's or graduate degrees and are primarily dedicated to developing and implementing our AI and data analytical technologies and maintaining and optimizing our IT infrastructure. Benefiting from the diversified background and expertise of our technology team, we believe that we have built our technology infrastructure according to the highest standards of both the Internet and talent services industries.

A key component of our user-centric strategy is our proprietary automated recommendation/matching algorithm which we have developed and continually optimize. We have a dedicated team of data engineers within our technology department. Our sophisticated big data analytics technology and machine learning enable us to study the behaviors and profiles of individual users. Our algorithm can utilize such user data to produce accurate and relevant job/candidate matching and recommendations, and facilitate interactions among individual users, business users and headhunters on our platform. As users' level of engagement increases, our recommendation becomes more focused and accurate. Through natural language processing and machine learning, we have built a "prediction system" based on extensive data gathered from the headhunter-assisted, closed-loop services provided on our platform to predict user behaviors such as one's intention to switch jobs. In 2017, we processed over 24 billion personalized job recommendations to our registered individual users, and over 50% of candidate recommendations were delivered to our business users using AI technologies.

With respect to our internal IT infrastructure, we have independently developed a high-performance organization, or HPO system, which encompasses various functions including client relationship management, enterprise resource planning and customer services platform. The HPO system is integrated with our massive user database to empower each major aspect of our operation, which greatly enhances our operating efficiency. Our network infrastructure is designed to satisfy the requirements of our operation, to support the growth of our business and to ensure the reliability of our operations as well as the security of information on our platform. We continue to develop our IT infrastructure to ensure its reliability and scalability of our business operation.

We have also taken various measures to ensure uninterrupted operation of our platform. For example, we adopt self-healing technology that enables our system to perceive malfunction and make necessary adjustments to restore itself to normal operation without any human intervention. Our platform adopts modular architecture that consists of multiple connected components, each of which can be separately upgraded and replaced without compromising the functioning of other components. This makes our platform both reliable and scalable as we further expand our operation scale.

Our Data Capabilities and Data Privacy

Data technology is extensively and deeply embedded in the entire aspects of our operations and service offerings. We possess strong capabilities in data analytics. Our platform smartly collects, processes and analyzes a vast and growing amount of rich, up-to-date and authentic data of the participants in our ecosystem. Such data is multi-dimensional. It incorporates detailed user profiles including education background, work experiences, salaries and preferences, behaviors such as browsing and search history as well as prior job applications, social interactions, and transaction records. We generate credible and insightful professional scores for our registered individual users based on profile completeness, mutual endorsement, career history and third-party verification. The networking and social functions of our platform also empower us to capture more rich user behavioral data. In addition to collecting and analyzing user data from multiple dimensions, we also generate a massive amount of data from providing closed-loop talent acquisition services via our platform. Through studying such transaction data and incorporating them into our automated algorithm, we further enhance our understanding of our users, which allows us to continue optimizing our services.

We deploy technology and measures to ensure the authenticity, safety and confidentiality of our user information as well as our proprietary database, which has enhanced user affinity and strengthen our trusted brand. We have one data center located in Beijing and one back-up data center in Tianjin, forming an integrated data storage system and disaster recovery structure. We maintain a real-time multi-layer data backup system to ensure the reliability of our network. Our database has been encrypted and our services have been designed to prevent any unauthorized member of the public or third parties from accessing or using our data in any unauthorized manner. Our data can only be accessed through our internal applications. Access controls are established at every data layer to monitor and regulate access. We rely on multiple layers of network segregation using firewalls to protect against attacks or unauthorized access. For example, if we suspect that a user's account or a transaction may have been compromised, we may use different channels to validate that the person accessing the account is the actual account holder.

The personal and behavioral data are regulated by the PRC laws, rules, regulations and government specifications as personal data. According to the PRC Cyber Security Law (《中華人民共和國網絡安全法》), personal data refer to various information that is recorded in electronic or other form and can be used independently or together with other information to identify a natural person, including but not limited to, one's name, date of birth, government-issued ID number, personal biological information, address and telephone number. Pursuant to the same law, a network operator shall monitor, record and store network operation and cyber-security events, and maintain the corresponding cyber-related logs for no less than six months. According to the Regulations on Technological Measures for Cyber security Protection (《互聯網安全保護技術措施規定》), an Internet service provider shall store certain information about their users, including user registration information, IP address, content and time of posts by users, for at least sixty days. To comply with these requirements, we have taken technical measures to keep cyber-related logs and user registration information for at least six months.

In addition, according to the General Rules of the Civil Law of the PRC (《中華人民共和國民法總則》) and the PRC Cyber Security Law (《中華人民共和國網絡安全法》), a network operator shall obtain consent from the user whose personal data is collected and used and shall not disclose, tamper with or destroy personal data that have been collected, or disclose such data to third parties without prior consent of the person whose personal data have been collected, unless such data have been processed and hence not linked to the user. Accordingly, we have taken various measures to ensure the storage and use of our user data are in compliance with applicable laws and regulations. For example, our user agreements clearly specify the rules, purposes, methods and scope of our collection and use of users' data. By acknowledging the terms and conditions of the user agreement, our users provide consent to our collection, use and disclosure of their data subject to the limitations set forth therein. Upon a user's deregistration with our online platform, we will terminate our use of the personal data of such user as required by applicable PRC laws and regulations, other than those data that have been processed by us and hence can no longer be linked to the identity of such deregistered user.

BUSINESS

Our PRC Legal Advisor is of the view that we are in compliance with the applicable PRC laws, rules and regulations relating to the collection, use, disclosure or security of personal data in all material respects. Our internal policy requires all of our employees not to disclose personal data of any user to any third party without such user's consent, except as required by applicable law. By acknowledging our terms and conditions, the individual authorizes us to share his or her profile via our platform and credit score with certain external credit providers.

PRODUCT DEVELOPMENT

We believe that our strong product development capabilities are rooted in our innovative corporate DNA instilled by our Founder and Chief Executive Officer, Mr. Dai Kebin. As of December 31, 2017, we had a team comprised of 43 employees responsible for product development, led by our Founder and Chief Executive Officer, Mr. Dai Kebin.

Our product development process typically involves five phases described below. The first four phases typically take three to six months in total, while the final stage for continual optimization remains ongoing to help retain the popularity and quality of any new product or service.

- **User preference and market survey:** We closely monitor user behavior and preferences through leveraging our strong data capabilities and respond to any changes or shifts in user behavior or preferences and industry trends. Our sales and marketing and customer support employees maintain close interactions with our users to understand their demands, and our product development and technology support teams have autonomy and freedom to explore new product concepts or upgrading existing product and service offerings.
- **Product design:** Once we discover unmet user needs that pass product review discussions, we form a project development team comprising personnel from our R&D, marketing and technology teams to conduct a feasibility study. After the feasibility study and product review discussions, our product development team will formulate detailed development steps.
- **Technological development and testing:** After formulation of the detailed development steps, our R&D team will also work closely with our sales and marketing team to ensure user preference and needs are addressed by optimal functionality of the new product. After completing the initial development stage, we then conduct comprehensive alpha internal testing and beta testing with a limited number of randomly-selected users.
- **Product launch:** We consider a new product to be officially launched when we upload it on one or more of our platforms and make it publicly available for downloading by users.
- **Ongoing optimization:** We continually monitor and analyze user preference and feedback in order to constantly optimize our the functions and performance of our new products and services. We periodically release new versions of our products with improved and/or new features.

MARKETING AND BRANDING

We believe brand recognition is important to our ability to attract users. As of December 31, 2017, our marketing team consisted of 29 employees. In addition to relying upon our strong brand name and word-of-mouth referrals, we have engaged in both online and offline marketing activities to promote our brand, including search engine marketing, or SEM, display advertisements and sponsoring entertainment programs relating to professional networking and hiring, including career-themed TV drama series. We believe such innovative marketing efforts helped augment our brand image and promote our user awareness among the younger professional generations in China.

BUSINESS

With respect to online marketing, we primarily utilize online channels, which consist of search engine marketing and mobile app marketing. Our search engine marketing channels effectively target enterprises who possess preliminary interest in our services. We purchase key words from major search service providers such as Baidu and 360 in China, and enhance returns from search engine marketing channels using search engine optimization techniques. In addition, we put ads on strategically chosen mobile applications that generate premium traffic that matches our target individual user groups to maximize our return of investment from mobile marketing channels. We also operate a branded WeChat official account to raise our brand awareness and increase user traffic generated on the WeChat platform. We monitor our online marketing channels on a continuous basis based on a range of factors including a channel's respective monthly traffic volume, changes in market rates of advertising costs, and changes in demographics of its target user profile.

In addition to online marketing, we engage in offline branding activities to supplement our overall marketing and branding strategies. Our offline branding activities primarily include public displays at major subway stations in major cities in China where there is premium traffic of mid- to high-end professionals. We believe that these cities represent the largest individual user bases in China, and the primary goal of these advertisements is to enhance our presence and user awareness in the major talent markets in China. We also review relevant marketing research reports and surveys to select the most effective marketing channels in our target cities. As a result of enhanced brand name, we enjoyed organic growth of our business user base during the Track Record Period, from which we identified potential users to convert them into business customers through leveraging our sales force. During the Track Record Period, our total advertising and promotion expenses decreased from RMB157.3 million in 2015 to RMB146.7 million in 2016 and further down to RMB69.7 million in 2017, accounting for approximately 38.6%, 30.4% and 14.3% of our total sales and marketing expenses, respectively. The following table sets forth a breakdown of our advertising and promotion expenses by channels during the Track Record Period.

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB'000, except percentages)					
Advertising and promotion expenses:						
Online channels	85,861	54.6	74,584	50.9	40,878	58.7
Branding and offline channels	71,434	45.4	72,087	49.1	28,815	41.3
Total.....	157,295	100.0	146,671	100.0	69,693	100.0

We evaluate and manage the efficiency and effectiveness of our marketing efforts by tracking our advertising and promotion expenses per registered individual user, which is calculated by dividing our total advertising and promotion expenses by the total number of new registered individual users in a given period. As we continue to enhance our brand reputation and improve our marketing efficiency, our advertising and promotion expenses per registered individual user decreased from RMB19.0 in 2016 to RMB11.2 in 2017.

To date, our talents pool grows constantly by registered individual users inviting other individual users to register with our platform. This word-of-mouth marketing expands our market reputation with low marketing costs. We have a strong brand with a professional, innovation and reputable corporate image attributable to our large user base and closed-loop talent services. We believe that word-of-mouth referrals from talents, business users, headhunters and other ecosystem participants will constantly increase our brand value. We plan to continue focusing on enhancing our user experience and result-oriented talent services to strengthen our brand.

SALES AND SUPPORT

Our sales efforts are primarily focused on acquiring and retaining business customers in an efficient and effective manner. As of December 31, 2017, we had an experienced sales, service and support team consisting of 2,196 salespersons to sell our products and services through a nationwide sales office network spanning 14 cities

BUSINESS

across China. We have established a brand presence in each of the key regions in which we operate. Our team is equipped with specialized human resources expertise and knowledge in different industry verticals, including Internet, real estate, financial services and manufacturing. Such expertise and knowledge help our sales personnel understand the varying needs of our business customers and assist them in choosing the most suitable service packages and developing their hiring strategies.

Our salespersons primarily identify and contact potential business customers from our existing business users via telephone, personal sales visits and other channels. Individual salespersons are allocated to cover different categories of business customers based on geographic locations, industries and other relevant factors to acquire new business customers within their respective groups. For our existing business customers, we divide our field sales teams among different categories of customer accounts, each team of which is led by a key account manager who is responsible for renewing and providing additional solutions to existing business customers and maintaining the overall business relationships with such business customers. We provide periodic training to them to help them promote our services. We also train our sales staff to cross-sell and/or up-sell our services to our existing business customers to meet their specific requirements.

We also operate our Global Career Development Center in Tianjin Pilot Free Trade Zone, Which consists of our Recruiting Process Services (“RPS”) team, Career Development Center (“CDC”) as well as an experienced after-sales customer support team. The RPS team is primarily focused on reaching out to potential business customers and assisting existing business customers in executing their talent acquisition transactions. The CDC team is responsible for providing career-related consultation and premium membership support services to our registered individual users. We believe that customer services and support is critical to retaining and expanding our business customer and individual user base. Our Global Career Development Center responds to both business and technical inquiries from our business customers relating to their accounts and how to use our features and products. Self-service support is available through our website and both our individual and business users can also contact us via e-mail or phone call for questions.

We adopt a merit-based compensation system for our sales team, which incentivizes our sales team to deliver superior performances. The compensation for our sales personnel includes merit-based incentives that are based on a set of performance indicators, such as total revenue generated and numbers of unique customer accounts acquired and retained, to provide incentives for our sales team to deliver excellent performance. We provide regular in-house and external education and training to our sales team to improve their sales skills, industry knowledge and understanding of our products and services. In 2017, we also achieved a 85.8% business customer renewal rate, which is calculated by dividing the revenue recognized in 2017 from existing business customers who also previously purchased our services by the total revenue from all business customers in 2016.

We had incurred significant amount of sales and marketing expenses during the Track Record Period. In 2015, 2016 and 2017, our sales and marketing expenses amounted to RMB407.9 million, RMB482.3 million and RMB487.3 million, respectively. See “Financial Information — Description of Major Components of our Results of Operations — Sales and Marketing Expenses.”

CUSTOMERS

Our customers are predominantly business users, from whom we derive substantially all of our revenues by providing our talent acquisition services, primarily in the forms of (1) customized subscription packages charging different fixed rates, such as CV downloading, and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon the completion of certain hiring milestones, such as *Interview Express* (面試快) and *Onboarding Express* (入職快). Such business customers mainly include multinational corporations, small and medium-sized enterprises and state-owned entities spanning across a wide range of industries. Our business customers also include certain headhunters to whom we provide our talent services. Our business customers are mainly located in major cities in China and represent industries with high demand for mid- to high-end talents.

BUSINESS

We have a broad base of business customers, and we do not have any customer concentration risks. Our top five customers in the aggregate accounted for less than 5% of our total revenue for each of the years ended December 31, 2015, 2016 and 2017.

We typically enter into legally binding service subscription agreements with our business customers generally for a term of 12 months, subject to renewal by mutual consent. Such service subscription agreements typically include fixed prices for the specific talent acquisition services subscribed for by a particular business customer. Our subscription contract terms typically require a business customer to pay us the full contractual amount within several days upon entering into the contract, although we may offer credit terms to selected major business customers on a case-by-case basis. See “Financial Information — Discussion of Certain Key Statement Of Financial Position Items — Trade Receivables.” Under the transaction-based service model which include *Interview Express* (面試快) and *Onboarding Express* (入職快), we typically charge a fixed rate based on the offered annual salary of a particular job posting upon the completion of certain hiring milestone, such as interview and onboarding of the relevant job candidate.

During the Track Record Period, none of our Directors, their associates or any shareholders of the Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest customers.

In our ongoing efforts to maintain user satisfaction and improve our products and services, we maintain a dedicated customer service team that is focused on efficient problem-solving with the ultimate goal of increasing user satisfaction and user stickiness. For example, we frequently touch base with our business customers to obtain feedback from them on how we can improve our services or user experience. We have also adopted a user and customer hotline to address questions and complaints from our users and customers.

SUPPLIERS

Our suppliers primarily include (i) advertising service providers, (ii) headhunters and other talent service providers who serve our individual and business users and receive service fees from us, and (iii) server hosting and bandwidth providers. We do not have any supplier concentration risks. Our top five suppliers accounted for 12.2%, 12.1% and 6.1% of our total cost of revenue and operating expenses for each of the years ended December 31, 2015, 2016 and 2017, respectively. Our largest supplier, who was an advertising service provider, accounted for approximately 4.3%, 4.0% and 2.2% of our total cost of revenue and operating expenses for each of the years ended December 31, 2015, 2016 and 2017, respectively.

During the Track Record Period, none of our Directors, their associates or any shareholders of the Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest suppliers.

Advertising Service Providers

During the Track Record Period, we engaged search engine and online listing portal service providers to promote our services and brand. We typically entered into legally binding advertisement and promotion agreements with search engines and online listing portals with terms ranging from one to three months. We typically paid such parties at fixed rate prices. We also engaged offline advertising service providers to place billboards or video advertisements on LCD screens in selected cities in China in accordance with agreements with terms ranging from three weeks to 14 months. These agreements usually contain a fixed price.

Headhunters and Other Talent Service Providers

During the Track Record Period, we engaged third-party headhunters to provide hiring services to our business customers who subscribed for our headhunter-assisted, closed-loop hiring services, namely *Interview*

BUSINESS

Express (面試快) and *Onboarding Express* (入職快). We generally entered into legally binding agreements with a one-year term with such headhunters with automatic annual renewals unless objected by either party. Typically, we are entitled to terminate the agreements without cause upon a 30 days prior written notice. We are also entitled to cancel the agreement if a headhunter fails to yield one effective interview for *Interview Express* (面試快) or one successful recruitment for *Onboarding Express* (入職快), as the case may be. We agree to pay verified headhunters a fixed fee, after deducting a platform service charge, for each effective interview under *Interview Express* (面試快) and each successful recruitment under *Onboarding Express* (入職快), as the case may be.

In addition to headhunters, other talent service providers offer a variety of value-added services to our individual and business users via our online platform, including but not limited to background check services and third-party information verification services. For such service providers, we generally entered into agreements with a one-year term with them with one-year automatic renewal unless terminated by mutual consent. Such service providers typically charge their services at a fixed rate per person per service or per background search, as the case may be.

Server Hosting and Bandwidth Providers

During the Track Record Period, we engaged server hosting and bandwidth providers to provide us with offsite server placement and management services and data transmission network services. We generally entered into legally binding agreements with a term of one year with such service providers with one year automatic renewal unless terminated by mutual consent. Either party may require to terminate the agreement with 30 days prior written notice. We are obligated to pay our server hosting and bandwidth providers at a fixed rate on a monthly basis.

COMPETITION

We primarily compete in the mid- to high-end talent acquisition market with other online job boards, professional networking websites and existing offline executive search firms which may develop online recruitment services and products. There are few companies capable of providing similar solutions, however, we are well positioned by our unique ecosystem and stickiness from our business and individual users. In addition, a number of established nationwide internet companies, social networking services websites are developing or could develop competing solutions. We principally compete with these competitors for individual users and business users, primarily on the basis of the value and relevance of products for individual users, the number and engagement of our users' relevant data available, as well as the efficiency and usefulness of our solutions to business users who are seeking suitable job candidates. See "Risk Factors — Risks Relating to Our Business and Industry—We face significant competition from online and offline service providers, particularly professional social network platforms, and may suffer from a loss of individual and business users as a result" and "Industry Overview" in this prospectus. Although the barriers to entry for establishing many types of Internet-based businesses are low, we believe that our ecosystem, massive and growing high-quality talent base, comprehensive and credible data base, brand reputation, and our leading scale with this powerful network effect have positioned us favorably in our markets and established a barrier to entry.

INTELLECTUAL PROPERTY

We regard our copyrights, trademarks, trade secrets and other intellectual property rights as critical to our business. In this regard, we rely primarily on a combination of patent, copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such as confidentiality and license agreements with our employees, partners and others.

As of December 31, 2017, we have applied for the registration of two patents, which cover technologies relating to data processing, search, distribution and publishing. We have registered 75 computer software copyrights in China. In addition, we have registered 19 domain names that are material to our business, including our main website domain names, and 82 trademarks in China.

BUSINESS

EMPLOYEES

As of December 31, 2017, we had 2,791 full-time employees, all of whom were based in China, primarily at our headquarters in Beijing, with the rest based in various other cities in China. The following table sets forth the number of our employees by function as of December 31, 2017:

<u>Function</u>	<u>Number of Employees</u>	<u>% of Total Number of Employees</u>
Sales and support.....	2,196	78.7
Product development.....	43	1.5
Research and development	228	8.2
Operations and customer services	90	3.2
General and administrative	234	8.4
Total	2,791	100.0

Our success depends on our ability to attract, retain and motivate qualified employees. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. As a result, we have generally been able to attract and retain qualified employees and maintain a stable core management team. We provide regular training and reviews to our employees to enhance their performance.

We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations. None of our employees are currently represented by labor unions.

As required by PRC laws and regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which we or agents engaged by us make contributions at specified percentages of the salaries of our employees. We also purchase commercial health and accidental insurance for our management. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted and plan to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

PROPERTIES

Our principal executive offices are located on leased premises comprising approximately 2,502 square meters located at Chaoyang District in Beijing, China. We also lease 47 offices located in 16 cities across China. Our leased properties in China serve as our offices. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as office premises for our business operations. We believe that there is sufficient supply of properties in China. Furthermore, even if we experience temporary interruption to our usage of any of our leased office space, we believe that our employees can continue to perform the material aspects of their duties remotely given that our offices do not carry out any production, manufacturing or physical retail activities; and our offices in other locations can adequately support the functioning of our business operations in areas where we experience temporary office space interruptions through our technology infrastructure. Therefore, we do not rely on the existing leases for our business operations, and we do not believe a contingency relocation plan is required. Our servers and network facilities for providing services to our users are kept at our data centers located in Beijing and Tianjin.

As of December 31, 2017, our leased properties have a total gross floor area of approximately 33,000 square meters, and each leased property ranges from a gross floor area of approximately 50 square meters to

BUSINESS

6,984 square meters. The relevant lease agreements have lease expiration dates ranging from April 2018 to February 2023. The lease which expired in April 2018 has not been renewed as we have moved our offices to another property in the same city. Regarding to the other leases which will expire in May, June and July 2018, respectively, we are currently in the process of discussing with the relevant lessors to renew or replace such leases and do not foresee any impediment.

We have valid title to the properties for our headquarter in Beijing, but, as of December 31, 2017, 16 lessors of 47 of our leased properties in China had not provided us with valid title certificates, valid title certificates for commercial purpose or relevant authorization documents evidencing their rights to lease the properties to us. As a result, these leases may not be valid under applicable PRC law, and there are risks that we may not be able to continue to use such properties. See “Risk Factors — Risks Relating to Our Business and Industry — We face certain risks relating to the real properties that we lease.”

As of December 31, 2017, none of the properties held by us had a carrying amount of 15% or more of our combined total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group’s interests in land or buildings.

INSURANCE

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 key man life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

We are involved in legal or other disputes in the ordinary course of our business. Most of the legal proceedings involve litigation based on allegations of infringement or other violations of intellectual property rights, and other allegations in connection with disputes arising out of the leasing of our regional offices.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. During the Track Record Period, we had not incurred legal costs and expenses in connection with such proceedings that are significant in the context of our overall operating results.

During the Track Record Period and up to the Latest Practicable Date, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects.

HEALTH, AND ENVIRONMENTAL MATTERS

We do not operate any production facilities. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

BUSINESS

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as information system, data security and privacy, internal control and investment management.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to Latest Practicable Date, we did not experience any material information leakage or loss of user data.

As of December 31, 2017, our IT operation and maintenance department consisted of 31 employees. It is responsible for ensuring that the usage, maintenance and protection of user data are in compliance with our internal rules and the applicable laws and regulations. We provide regular trainings to our information technology team.

Data Security Risk Management

We believe data security is critical to our business operation, because data are the foundation of our competitive edge. We protect our user and internal data in accordance with technical measures and internal data protection policies. Our technical measures include the following features to help ensure data security throughout our operation: (1) a dedicated data security team that becomes involved from the very first stage of a product development cycle and continues to monitor the relevant product for any security risk and hacking attempts after the product has been introduced into the market; (2) a comprehensive data security-related complaint handling system; (3) a data encryption system that safeguards user data collection, storage and transmission via our online platform; (4) comprehensive data masking of user data to record any attempt to obtain user contact information in our system so as to fend off potential hacking or security attacks; (5) stringent authentication and ongoing review process for business customers and headhunters, which involves monitoring them for any unusual CV browsing activities and putting their accounts on hold if such activities prove to be excessive or invasive; and (6) an enterprise data security system, including multi-layered firewall, designed by our IT professionals that identifies any hacking attempt with behavior analysis and counters such attempt by cutting off connections. Moreover, all of our data are backed up on a daily basis by different servers located in our Beijing and Tianjin data centers, and we have a sophisticated set of security and remediation protocols to follow in the case of a data security emergency.

From an internal policy perspective, we strictly limit the number of personnel who can access our servers that store our user and internal data, and only grant such access on a “need-to-know” basis. We have also adopted internal policies on data theft prevention, mitigation measures against data loss and data security crisis management, and have regularly organized training sessions to get our employees familiar with these policies and related best practices. In addition, we conduct reviews on compliance by members of our staff with our data security and risk management policies on a regular basis as well. Last but not least, to cope with any possible data leakage incident, we deploy a data security crisis management team that is well trained to spot, isolate and dissolve the situation or to mitigate any damage resulting from such incident.

Privacy Risk Management

We benefit from our massive data base, and therefore we value our users’ privacy and adopt strict policy and strong product features to ensure with privacy protection in accordance with applicable laws.

BUSINESS

When every individual user, business user and headhunter registers with our platform, we require them to review and agree to our terms and conditions. Following regulatory requirements of legal, proper and necessary use, we clearly list out in our user agreement the situations that we will use personal information from individual users, business users and headhunters. For example, we may use personal information from such users to verify their identity and provide AI-empowered recommendation based on our analysis of their personal and behavioral information, and our third-party partners may search and collect personal information from individual users for the purpose of providing agreed services. We undertake to obtain our users' consents prior to any use that is not specifically provided for in our terms and conditions.

We develop product with user-friendly options for our individual users to manage the scope of publicity of certain information. For example, individual users may choose not to display certain personal information on their profile, such as their names or job titles. They also have the options to restrict the types of users that can review their CVs, send messages to them, or obtain their contact information. Our guiding principle in privacy protection is to ensure that our users give explicit consent to any access to, or use or disclosure of, their personal data by any third party. Our data security team will also handle any data privacy breach incident in the same way that it handles any other type of data security incidents.

Investment Risk Management Policy

Our investment strategy is to invest in or acquire businesses that are complementary to our business, such as businesses that can expand our content creation, sourcing, distribution and adaptation capabilities and strengthen our technological capabilities. We set up an annual investment plan in line with our business strategies with inputs from various business departments. An investment budget is set up based on our overall financial conditions every year.

We generally intend to hold our investments for the long term. Our investments are generally made in the form of preferred shares (in the case of companies incorporated outside China) or ordinary shares with preference rights (in the case of companies established in China). In order to manage the potential risks associated with investments, we generally request our investee companies to grant us customary investor rights, including governance rights and transfer rights.

Our senior management including our Founder and Chief Executive Officer, Mr. Dai Kebin, is responsible for investment project sourcing and execution. Once target companies are identified, we will conduct legal, business, financial and operational due diligence on the target companies, and draft investment agreements based on the agreed term sheets. Any proposed investment will be submitted to our board of directors for approval if the investment amount involved exceeds the threshold determined by our Board.

Audit Committee Experience and Qualification and Board Oversight

Upon listing, we will have an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. Upon listing, the Audit Committee will consist of three members, Mr. Choi Onward, Mr. Ye Yaming and Mr. Zuo Lingye. Mr. Choi Onward will be the chairman of the Audit Committee. For the professional qualifications and experiences of the members of our Audit Committee, see the section headed "Directors and Senior Management — Directors" in this prospectus.

We also maintain an internal audit and control function which is responsible for reviewing the effectiveness of internal controls. Our internal audit and control department members hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The audit and control department then discusses the issues and reports to the board of directors if necessary.

BUSINESS

Our Audit Committee, internal audit department and senior management will together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

Counterparty Risk Management

To reduce counterparty risk from our business customers, we intentionally avoid concentration of big customers and have a robust onboarding procedures involving business license verifications, phone call and selective on-site visit with register business users and headhunters. In addition, we only extend credit to selected business customers with strong financial capabilities to minimize the risk of contractual default.

LICENSES AND PERMITS

As of December 31, 2017, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China.

The following table sets out a list of material licenses and permits currently held by us:

No.	License/Permit	Initial Grant Date	Holder	Most Recent Grant Renewal Date	Expiration Dates	Description of the License and Permit
1	Human Resources Service License	October 16, 2007	Wisest	April 1, 2016	March 31, 2019	License for providing Human Resources Service
2	Human Resources Service License	April 7, 2017**	TD Elite	April 17, 2018	April 16, 2023	License for providing Human Resources Service
3	Value-added Telecommunication Business License	August 17, 2016*	TD Elite	August 17, 2016	August 17, 2021	License for providing information services via the Internet and mobile networks
4	Human Resources Service License	January 15, 2018**	CGL	January 15, 2018	April 10, 2019	License for providing Human Resources Service
5	Human Resources Service License	January 4, 2015**	Liedao	March 29, 2018	January 3, 2021	License for providing Human Resources Service

Notes:

* Prior to June 2017, the online businesses that require a value-added telecommunication business license were operated by Wisest who held the required value-added telecommunication business license from July 2007 to July 2017.

** The applicable license holder had not commenced the relevant business operations until it obtained such license.

AWARDS AND RECOGNITION

We have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognition we have received are set forth below.

Award/Recognitions	Award Year	Awarding Institution/Authority	Entity/ Product
Deloitte Top 50 of High Technology and Fast Growth.....	2015	Deloitte	Liepin
Most Innovative Social Recruiting Product of Android World of the Year 2015	2015	IDG Group	www.liepin.com

BUSINESS

Award/Recognitions	Award Year	Awarding Institution/Authority	Entity/ Product
Most Innovative Award of E-commerce Talents Recruitment Industry of China	2016	China Electronic Commerce Association; Organizing Committee of World Mobile Internet Conference	Liepin
2016 Top 50 Innovative and Growth Enterprise of Services of China	2016	cyzone.cn	Liepin
2016 Best Recruitment Website in South China ...	2016	Guangzhou Daily Newspaper Group	www.liepin.com
Top 10 WeChat Official Account.....	2017	2017 Asia-Pacific Human Resources Development and Service Expo	Liepin
Award of Platform with Potentials	2017	2017 Asia-Pacific Human Resources Development and Service Expo	Liepin
Most Valuable Recruitment Service Provider	2017	Recruiting Leadership Summit	www.liepin.com
Weibo 2017 Influential Professional Organization	2017	Weibo.com	Liepin

CONTRACTUAL ARRANGEMENTS

Background

We are a pioneer in China's talent services market, operating the largest online talent services platform focused on mid- to high-end talents in terms of total revenue in 2017, according to CIC. Launched in 2011, our platform connected and empowered approximately 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters as of December 31, 2017. Through our dynamic and user-friendly online platform, we are developing an ecosystem with self-reinforcing network effect that maximizes the long-term value of all participating talents, businesses, headhunters and other talent service providers in it.

Our primary businesses involve the provision of talent services and the offering online information services through our online platform are subject to foreign investment restrictions under PRC law and which are currently conducted by our Consolidated Affiliated Entities, i.e. Wisest, TD Elite and Liedao.

Due to the foreign investment restrictions under PRC law, and after consultation with our PRC Legal Advisor, we determined that it was not viable for our Group to directly hold more than 70% equity ownership in Wisest, or any equity ownership in either of TD Elite or Liedao. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the business currently operated by each of Wisest, TD Elite and Liedao through the Contractual Arrangements between Tiancai Youdao, an indirect wholly-owned subsidiary of our Company established in the PRC, on the one hand, and each of Wisest, TD Elite and Liedao and the Relevant Shareholders, on the other hand.

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced the Reorganization. Pursuant to the Reorganization, the Contractual Arrangements were entered into by Tiancai Youdao with each of Wisest, TD Elite and Liedao and the Relevant Shareholders, whereby Tiancai Youdao acquires effective control over the financial and operational policies of each of Wisest (including the 70% equity interest in Wisest directly held by our Group), TD Elite and Liedao and their respective subsidiaries and becomes entitled to all the economic benefits derived from their operations. We believe that the Contractual Arrangements are narrowly tailored, as they are used to enable us to conduct businesses in industries that are subject to foreign investment restrictions in the PRC. Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements are freely negotiated between Tiancai Youdao and each of Wisest, TD Elite and Liedao and the Relevant Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreements with Tiancai Youdao, each of Wisest, TD Elite and Liedao and their respective subsidiaries enjoys better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose. Please refer to the section headed "History, Reorganization and Corporate Structure — Corporate Restructuring" for more details.

Reasons for adoption of the Contractual Arrangements

Our business operations in the PRC have mainly been conducted through the Consolidated Affiliated entities which comprise:

- Wisest, the primary business of which is the provision of offline talent services to business customers and headhunters (the "**Talent Intermediary Services**"). Wisest currently holds a license for human resources service (人力資源服務許可證) (the "**HR Service License**") which is required for the operation of the Talent Intermediary Services;
- TD Elite, the primary business of which is the provision of talent services to individual users, business customers and headhunters through our online platform "liepin.com". TD Elite is a Sino-foreign joint venture which currently holds an ICP License and a HR Service License, which are required for the provision of the Talent Intermediary Services through our online platform; and

CONTRACTUAL ARRANGEMENTS

- Liedao, the primary business of which is investment holding and has historically been involved in the provision of Talent Intermediary Services. Liedao currently holds a HR Service License which is required for the operation of the Talent Intermediary Services. In addition, Liedao holds approximately 50.1% of the equity interests of TD Elite and approximately 9.9723% of the equity interests of Unicareer,

(collectively, the “**Relevant Businesses**”).

The Relevant Businesses fall within the scope of Talent Intermediary Services and value-added telecommunication services, and foreign investments in such services in the PRC are subject to restrictions as described in the section headed “Regulations” of this Prospectus. Due to such restrictions, we adopt the Contractual Arrangements for control of 30% equity interests in Wisest, and 100% equity interests in each of TD Elite and Liedao, and are of the view that the Contractual Arrangements are narrowly tailored, for the following reasons:

Wisest

As confirmed by our PRC Legal Advisor, although the provision of Talent Intermediary Services by Wisest is not listed in the Guidance Catalog of Industries for Foreign Investment (the “**Catalog**”, which was promulgated and is amended from time to time jointly by the MOFCOM and the NDRC) and is categorized as a “permitted” category. According to the Provisions on Talent Market Administration (《人才市場管理規定》) (“**Talent Provisions**”) and the Interim Administrative Provisions for Sino-Foreign Equity Joint Venture Talent Intermediary Service Agencies (《中外合資人才中介機構管理暫行規定》) (“**HR Interim Provisions**”) both promulgated by the Ministry of Human Resources and Social Security (人力資源和社會保障部) on April 30, 2015, in the case of foreign investors engaged in talent intermediary services or other related services intending to launch talent intermediary services in the PRC, they are required to set up joint ventures with Chinese talent intermediary service agencies, and obtain the HR Service License from the competent authorities for human resources in the province, autonomous region and/or municipality where the joint ventures are established.

Pursuant to these regulations, domestic investors shall hold a majority of the equity interests in the relevant sino-foreign joint venture. Furthermore, according to the Opinions of the Municipal Government of Beijing on Accelerating the Development of the Human Resources Service Industry (《北京市人民政府關於加快發展人力資源服務業的意見》) promulgated by the municipal government of Beijing (北京市人民政府) on September 29, 2014, a foreign investor shall hold no more than 70% of the equity interests in the sino-foreign joint venture it establishes with Chinese talent intermediary service agency in the Zhongguancun Science Park (中關村國家自主創新示範區), where Wisest is registered and has obtained the HR Service License.

Upon completion of the Reorganization, our Company (through TD Elite HK) holds 70% of the equity interests in Wisest, which represents the maximum percentage of foreign ownership permitted under applicable PRC laws and regulations. The remaining 30% equity interests in Wisest is held by its PRC registered shareholders. Tiancai Youdao enters into the Contractual Arrangements with the PRC registered shareholders of Wisest in order to enjoy the economic benefits derived from the operations for the remaining 30% interests in Wisest and to ensure the same flows to our Group, and to maintain effective control over all of Wisest’s operations. In view of the foregoing, we hold the maximum percentage of ownership permissible under the PRC regulatory framework in Wisest to acquire effective control over the financial and operational policies of Wisest, and to obtain full economic benefits derived from Wisest’s operations based on the Contractual Arrangements.

In addition, based on a consultation conducted on February 1, 2018 with an officer of the Beijing Municipal Human Resources and Social Security Bureau (the “**Beijing HRB**”) where Wisest obtained its HR Service License (the “**Beijing HRB Consultation**”), the officer confirmed that the Contractual Arrangements between a foreign invested entity and PRC operating entities engaging in Talent Intermediary Services do not

CONTRACTUAL ARRANGEMENTS

violate any regulations of Talent Intermediary Services, including the applicable PRC laws on Sino-foreign joint ventures in relation to Talent Intermediary Services, namely the Talent Provisions and the HR Interim Provisions. On this basis, our PRC Legal Advisor has advised that our indirect ownership of 70% of the equity interests in Wisest is in compliance with applicable laws and regulations in relation to foreign investor investing in talent intermediary service agency holding HR Service License in the PRC, and controlling the remaining 30% equity interests of Wisest through Contractual Arrangements does not violate the applicable PRC laws on Sino-foreign joint ventures in relation to Talent Intermediary Services, namely the Talent Provisions and the HR Interim Provisions. Our PRC Legal Advisor is of the view that Beijing HRB, as the department in charge of supervision and substantive examination of foreign investors investing in the Talent Intermediary Services industry in Beijing, is the competent authority to give the relevant confirmation, and the officer is of appropriate rank to provide such confirmation.

TD Elite

As confirmed by our PRC Legal Advisor, the provision of talent services through our online platform by TD Elite falls within the scope of provision of value-added telecommunication services (增值電信業務) (the “VATS”). The VATS industry in the PRC is categorized as a “restricted” category under the Catalogue and has been subject to restrictions on percentage of foreign ownership (not holding more than 50%, with exceptions for E-commerce).

TD Elite has obtained the ICP License required to carry out its business, and any direct or indirect change of ownership in such license will be subject to substantive examination and discretion of the competent authority as advised by our PRC Legal Advisor.

In consultations with an officer of the Policy and Standards Division of Department of Communication and Development (工信部信息通信發展司政策標準處) of the Ministry of Industry and Information Technology (工業和信息化部) (the “MIIT”) conducted on January 24 and February 26, 2018, respectively (the “**MIIT Consultations**”), the officer confirmed that any change of the foreign shareholders of the entity holding the ICP License is subject to substantive examination and discretion and the documentary requirements and procedures for such substantive examination would be the same as for changing the foreign shareholder of the entity holding the ICP License to an overseas listed entity or its subsidiary, or to an overseas unlisted entity. Such requirements and procedures include, but are not limited to, obtaining background information and documents proving satisfaction of prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirement of VATS**”) of the proposed overseas entity and all its intermediate and ultimate shareholders. In the case of changing foreign shareholder of an entity holding an ICP License to an overseas listed company or its subsidiary, the overseas listed company or its subsidiary would not be able to satisfy the relevant requirements as it would not be able to provide the requisite information of all its shareholders (including public investors). On this basis, the officer indicated that the MIIT currently does not accept any application for change of foreign shareholder of an entity holding a ICP License to an overseas listed company or its subsidiary. During the MIIT Consultations, the officer also confirmed that contractual arrangements between a foreign invested entity and PRC operating entities engaging in VATS business do not require any prior approval of, or registration or filing with, the MIIT. The officer was of the view that such contractual arrangements do not violate any regulations of VATS business. Our PRC Legal Advisor has advised that the Department of Policies and Laws of MIIT, as the department in charge of supervision and substantive examination of the foreign investors investing in the industry of VATS, is the competent authority to give the relevant confirmation, and the officer is of appropriate rank to provide such confirmation.

Both before and after completion of the Reorganization, 50.1% of the equity interests in TD Elite are held by Liedao and the remaining 49.9% of the equity interests in TD Elite are held by its registered shareholders, which comprise some of the Pre-IPO Investors in our Group who are foreign shareholders. According to the MIIT Consultations, any application for changing the current foreign shareholders of TD Elite to our Company or our subsidiaries will not be accepted by the MIIT, and therefore it is not possible for our Company or our

CONTRACTUAL ARRANGEMENTS

subsidiaries to hold the maximum equity interest permissible under current PRC laws and regulations in TD Elite. As a result, Tiancai Youdao enters into the Contractual Arrangements with respect to the entire equity interests in TD Elite, instead of acquiring the maximum equity interest permissible in TD Elite from its current registered foreign shareholders.

In a consultation (the “**Tianjin HRB Consultation**”) conducted on February 9, 2018 with an officer of the Tianjin Municipal Human Resources and Social Security Bureau (the “**Tianjin HRB**”), where TD Elite is established, the officer confirmed that controlling the entire equity interests of TD Elite through the Contractual Arrangements do not require any prior approval of, or registration or filing with, the Tianjin HRB and that such contractual arrangements do not violate any regulations of Talent Intermediary Services, including the applicable PRC laws on Sino-foreign joint ventures in relation to Talent Intermediary Services, namely the Talent Provisions and the HR Interim Provisions. Our PRC Legal Advisor is of the view that the Tianjin HRB, as the department in charge of supervision and substantive examination of foreign investors investing in the Talent Intermediary Services industry in Tianjin (where TD Elite is established), is the competent authority to provide the relevant confirmation, and the officer is of appropriate rank to provide such confirmation.

In addition, as disclosed in the section headed “History, Reorganization, and Corporate Structure” of this Prospectus, TD Elite had acquired 51% equity interests in CGL Consulting Co., Ltd (上海德築企業管理有限公司) (“**CGL**”) in December 2017, and the remaining 49% equity interests in CGL are held by Mr. Zhuang Hua (莊華), an Independent Third Party. As of the Latest Practicable Date, CGL holds a HR Service License and has no material business operation. Together with Mr. Zhuang Hua, we strategized a business road map to develop an online and offline executive search platform through CGL, whereby Mr. Zhuang Hua committed to leverage his expertise to develop the business plan of CGL over the next four years. As such, CGL will also need to obtain an ICP License in order to conduct such business. We currently plan to start to apply for the ICP License of CGL in the second quarter of 2018. According to the MIIT Consultations and as advised by our PRC Legal Advisor, application for change of foreign shareholder of an entity holding an ICP License to an overseas listed company or its subsidiary, or application for ICP License by an entity which is a subsidiary of an overseas listed company, will not be accepted. As a result, our PRC Legal Advisor has advised that it is not possible to transfer the equity interests in CGL to Tiancai Youdao or another subsidiary of our Company, and that CGL should continue to be held by TD Elite. Accordingly, our PRC Legal Advisor has confirmed that, taking into account TD Elite’s interest in CGL, our Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Liedao

Liedao has entered into the Unicareer Investment Agreement on December 31, 2017 with, among others, Unicareer, pursuant to which Liedao agreed to acquire (the “**Unicareer Acquisition**”) approximately 9.9723% of the registered capital of Unicareer upon completion of the Unicareer Acquisition. The remaining equity interests in Unicareer are held by domestic shareholders who are Independent Third Parties. Based on the information available to us from Unicareer, Unicareer’s primary businesses are online and offline career trainings which are offered through its website “unicareer.com”. As advised by our PRC Legal Advisor, Unicareer’s primary businesses constitute (i) Internet Publication Services (網路出版服務) and Information Network Audio-Visual Program Broadcasting (信息網路傳播視聽節目), both of which are categorized as “prohibited” categories under the Foreign Investment Catalogue, and (ii) provision of value-added telecommunications service (增值電信業務) which is subject to restrictions on percentage of foreign ownership (not holding more than 50%, with exceptions to E-commerce), and that such businesses are not separable for the following reasons.

- (a) Liedao currently holds a minority interest in Unicareer and has no intention to increase its stake in Unicareer. As such, Liedao will not control Unicareer. As a passive minority investor not involved in Unicareer’s daily operations, Liedao is not in a position to require Unicareer to reorganize the structure of its businesses and subsidiaries in any flexible manner; and
- (b) Unicareer’s main business model is the offering of training programs (which constitute publication/ audio-visual broadcasting and are prohibited from foreign investment) on its website (which

CONTRACTUAL ARRANGEMENTS

constitutes provision of value-added telecommunication business and is subject to restrictions on percentage of foreign ownership (not holding more than 50%).

As a result, as advised by our PRC Legal Advisor, a foreign investor is not allowed to hold any direct or indirect equity interest in Unicareer under the PRC regulatory framework, and any transfer of equity interests in Liedao or in Unicareer to Tiancai Youdao or another subsidiary of our Company will cause a material adverse impact, and be highly disruptive to, the current business operations of Unicareer and its subsidiaries.

As at the Latest Practicable Date, Liedao also holds approximately 50.1% of the equity interests of TD Elite. The equity interests in Liedao are held by Mr. Dai as to 99% and Mr. Chen as to 1%, respectively. Due to Liedao's interests in TD Elite, our PRC Legal Advisor has advised that any transfer of the equity interests in Liedao will be considered an indirect transfer of equity interests in TD Elite, and will be subject to the same restrictions as the change of the foreign shareholders of the entity holding the ICP License as disclosed above.

In addition, according to the Talent Provisions and the HR Interim Provisions, domestic investors shall hold a majority of the equity interests in sino-foreign joint venture talent intermediary agencies they establish with foreign investors. Liedao, being a company established in Tianjin and a company engaged in Talent Intermediary Services, will also be subject to such restrictions in relation to foreign ownership. Unlike Wisest in which foreign ownership is allowed to be no more than 70%, there is no other regulation relaxing the maximum amount of foreign ownership in such a joint venture in Tianjin.

Accordingly, it is not possible for our Company or our subsidiaries to hold the maximum equity interest permissible in Liedao. As a result, Tiancai Youdao enters into the Contractual Arrangements with respect to the entire equity interests in Liedao, instead of acquiring the maximum equity interest permissible under current PRC laws and regulations in Liedao currently held by its registered shareholders. In the Tianjin HRB Consultation, where Liedao is established, the officer confirmed that controlling the entire equity interests of Liedao through the Contractual Arrangements do not require any prior approval of, or registration or filing with, the Tianjin HRB and that such contractual arrangements do not violate any regulations of Talent Intermediary Services. Our PRC Legal Advisor is of the view that the Tianjin HRB, as the department in charge of supervision and substantive examination of foreign investors investing in the Talent Intermediary Services industry in Tianjin (where Liedao is established), is the competent authority to provide the relevant confirmation, and the officer is of appropriate ranking to provide such confirmation.

As at the Latest Practicable Date, Liedao had around 20 contracts with its customers for its existing Talent Intermediary Services. The total amount of these contracts is approximately RMB0.5 million, which represents less than 0.1% of our total revenue for the year ended December 31, 2017. Most of these contracts will expire by the end of 2018 and Liedao is not allowed under such contracts to unilaterally assign or transfer them to its affiliates. Any proposed transfer of such contracts by Liedao will therefore involve negotiation with each customer separately which is outside of our control. For example, some of the customers may refuse our request to transfer their contracts with Liedao to another entity within our Group on the basis that they do not have any prior business relationship with such other entity, or may require substantial compensation from us for such transfer. Moreover, in respect of Liedao's employees, we have been required by the local human resources authority where Liedao is registered that no more than 10% of Liedao's employees may be transferred to other entities within our Group in any year. As a result, our Directors are of the view that it is impracticable to transfer Liedao's existing contracts and employees in relation to the Talent Intermediary Services conducted by Liedao to other entities within our Group. We plan (i) to maintain the existing contracts of Liedao, and not to cause Liedao to enter into any new contracts and (ii) to gradually transfer Liedao's existing employees to other entities within our Group in accordance with the requirement of the local human resources authority. After all the existing contracts of Liedao have expired in accordance with their terms and all the employees of Liedao are transferred out, Liedao will have no other business except holding the equity interests in TD Elite and Unicareer.

Our Group will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the provision of our talent services and value-added telecommunications business to the extent permissible and we

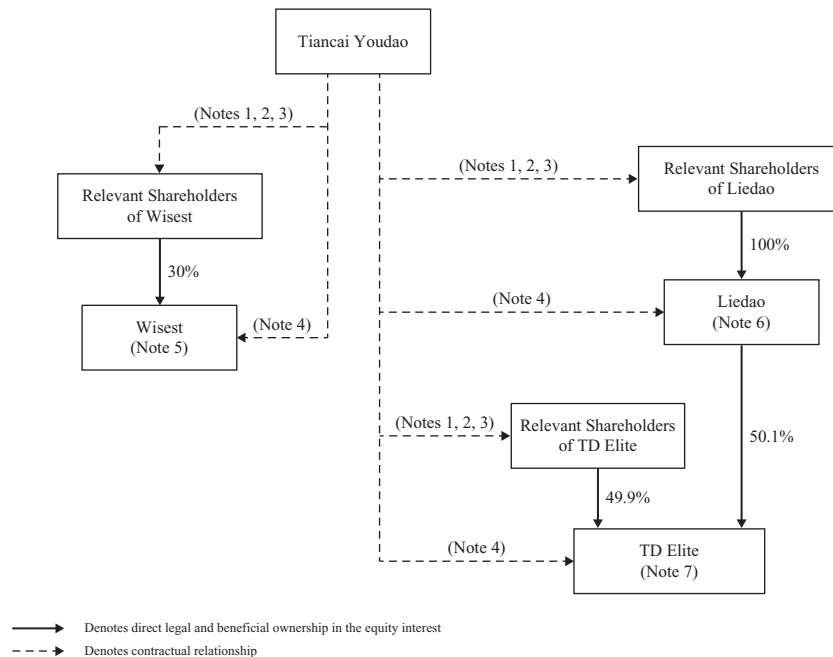
CONTRACTUAL ARRANGEMENTS

will directly hold the maximum percentage of ownership interests permissible under applicable PRC laws and regulations if the applicable PRC laws and regulations allows foreign ownership (or a higher percentage of foreign ownership than is currently permitted) or if the relevant government authority eases the substantive examination and discretion requirements for transfer of equity interests in a company holding ICP License under applicable PRC laws and regulations.

For further details of the limitations on foreign ownership in PRC companies conducting Talent Intermediary Services and/or VATS (including the operation of online platform), and the licensing and approval requirements applicable to the Relevant Businesses under PRC laws and regulations, please refer to the sections headed “Regulations — Regulations Relating to Talent Intermediary Services” and “Regulations — Regulations Relating to Value-added Telecommunication Services” of this Prospectus.

Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefits from each of Wisest, TD Elite and Liedao and their respective subsidiaries to our Group stipulated under the Contractual Arrangements after completion of the Reorganization:



Notes:

- (1) Powers of attorney to exercise 30% shareholders’ rights in Wisest and all shareholders’ rights in TD Elite and Liedao, respectively. Please refer to “Contractual Arrangements — Powers of Attorney” for details.
- (2) Exclusive option to acquire (i) 30% of the equity interest in and/or assets of Wisest and (ii) all of the equity interest in and/or assets of each of TD Elite and Liedao, respectively. Please refer to “Contractual Arrangements — Exclusive Option Agreement” for details.
- (3) First priority security interest over (i) 30% equity interest in Wisest and (ii) the entire equity interest in TD Elite and Liedao, respectively. Please refer to “Contractual Arrangements — Share Pledge Agreement” for details.
- (4) Business support, technical and consulting service fees. Please refer to “Contractual Arrangements — Exclusive Business Cooperation Agreement” for details.
- (5) The Relevant Shareholders of Wisest are Mr. Dai holding as to 17.80%, Mr. Chen holding as to 2.38% and the following holding entities (the “**Holding Entities**”): Tianjin Liejin Asset Management Partnership (Limited Partnership) (天津獵津資產管理合夥企業 (有限合夥)) which holds approximately 3.05% of the equity interest in Wisest, Tianjin Liexin Enterprise Management Partnership (Limited Partnership) (天津獵鑫企業管理合夥企業 (有限合夥)) which holds approximately 2.66% of the equity interest in Wisest, Tianjin Kuailie Enterprise Management Partnership (Limited Partnership) (天津快獵企業管理合夥企業 (有限合夥)) which holds

CONTRACTUAL ARRANGEMENTS

approximately 2.68% of the equity interest in Wisest, and Tianjin Qilie Enterprise Management Partnership (Limited Partnership) (天津奇獵企業管理合夥企業(有限合夥)) which holds approximately 1.43% of the equity interest in Wisest. Pursuant to a control agreement dated October 15, 2015 entered into between Mr. Dai and the employees of each of the Holding Entities, Mr. Dai has control of the managerial and executive functions of the Holding Entities, and is therefore deemed to be interested in a total number of shares held by the Holding Entities in Wisest.

- (6) The Relevant Shareholders of Liedao are Mr. Dai and Mr. Chen, holding as to 99% and 1% of the shares in Liedao, respectively.
- (7) The Relevant Shareholders of TD Elite are Liedao holding as to 50.1%, Tenzing Holdings Hong Kong Limited, a limited liability company incorporated in Hong Kong, holding as to 6.68%, Matrix Partners China I Hong Kong Limited, a limited liability company incorporated in Hong Kong, holding as to 21.88%, and Giant Lilly, a limited liability company incorporated in the Republic of Mauritius, holding as to 21.35% of the shares in TD Elite, respectively.

Exclusive Option Agreements

Each of Wisest, TD Elite and Liedao and their respective Relevant Shareholders enter into an exclusive option agreement with Tiancai Youdao upon completion of the Reorganization which (collectively, the “**Exclusive Option Agreements**”), pursuant to which Tiancai Youdao (or our Company or any subsidiary of our Company, the “**designee**”) is granted an irrevocable and exclusive right to purchase: (1) 30% of the equity interest in and/or assets of Wisest, and (2) all of the equity interest in and/or assets of each of TD Elite and Liedao which are not owned by our Group and/or assets of each of Wisest, TD Elite and Liedao for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Relevant Shareholders and/ or each of Wisest, TD Elite and Liedao shall return any amount of purchase price they have received to Tiancai Youdao. At Tiancai Youdao’s request, the Relevant Shareholders and/or each of Wisest, TD Elite and Liedao will promptly and unconditionally transfer their respective equity interests in and/or the relevant assets of each of Wisest, TD Elite and Liedao to Tiancai Youdao (or its designee) after Tiancai Youdao exercises its purchase right. The Exclusive Option Agreements are for an initial term of 10 years and is automatically renewable upon expiry unless Tiancai Youdao confirms a new renewal term in writing.

In order to prevent the flow of the relevant assets and value of each of Wisest, TD Elite and Liedao and their respective subsidiaries to the Relevant Shareholders, during the term of the Exclusive Option Agreements, each of Wisest, TD Elite and Liedao is not allowed to, and shall procure their respective subsidiaries not to, sell, transfer, mortgage or otherwise dispose of any of its assets (exceeding the value of RMB1 million) without the prior written consent of Tiancai Youdao. In addition, each of Wisest, TD Elite and Liedao is not allowed to, and shall procure its subsidiaries not to, make any distributions to its shareholder(s) without the prior written consent of Tiancai Youdao. In the event that the Relevant Shareholders receive any distribution from each of Wisest, TD Elite and Liedao and/or their respective subsidiaries and subject to the PRC laws, the Relevant Shareholders must immediately pay or transfer such distribution to Tiancai Youdao (or its designee). If Tiancai Youdao exercises its purchase right, all or any part of the equity interests in and/or assets of each of Wisest, TD Elite and Liedao acquired would be transferred to Tiancai Youdao and the benefits of equity ownership and/or assets, as applicable, would flow to us and our Shareholders.

As provided in the Exclusive Option Agreements, without the prior written consent of Tiancai Youdao, each of Wisest, TD Elite and Liedao shall not, and shall procure their respective subsidiaries not to, among other things, (i) sell, transfer, pledge or dispose of in any manner any of its assets for a value more than RMB1 million; (ii) execute any material contract for a value more than RMB1 million, except any contracts in the ordinary course of business and any contracts entered into with any members of our Group; (iii) provide any loan, financial support, pledge or guarantees in any form to any third party, or allow any third party create any pledge or other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business of each of Wisest, TD Elite and Liedao or not disclosed and consented to by Tiancai Youdao; (v) enter into any consolidation or merger with any third party, or acquire or invest in any third party; (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. The Exclusive Option Agreements provide that the Relevant Shareholders and each of Wisest, TD Elite and

CONTRACTUAL ARRANGEMENTS

Liedao shall procure the subsidiaries of each of Wisest, TD Elite and Liedao to comply with the above undertaking as if they are parties to the Exclusive Option Agreements. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on Tiancai Youdao and us in the event of any loss suffered from each of Wisest, TD Elite and Liedao and/or their respective subsidiaries can be limited to a certain extent. In addition, in relation to the above restrictive provisions specified in the Exclusive Option Agreements, we will aggregate asset disposals or value of contracts if such asset disposals or value of contracts (i) are entered into by our Group with the same party or parties; or (ii) involve the disposal or contracts which relate to the whole or parts of the asset or securities or interests in a company or group of companies.

Our PRC Legal Advisor has advised us that the Exclusive Option Agreements are legal, valid and binding on the parties and is enforceable under applicable PRC laws and regulations, except for the provisions that (i) an arbitral body may grant injunctive relief or directly issue liquidation order against each of Wisest, TD Elite and Liedao and their respective subsidiaries, and (ii) interim remedies or enforcement order may be granted by overseas courts such as the courts of Hong Kong and the Cayman Islands, which may not be enforceable under PRC laws. Since each of Wisest, TD Elite and Liedao is not a state-owned enterprise, each of Wisest, TD Elite and Liedao is able to enter into contracts with Tiancai Youdao or its designee to provide for the acquisition of the relevant equity interests in and/or assets of each of Wisest, TD Elite and Liedao by Tiancai Youdao or its designee for a nominal price or pre-determined amount without being subject to any examination, approval or valuation procedures. In addition, Tiancai Youdao or its designee can exercise its option to purchase the relevant equity interests in and/or assets of each of Wisest, TD Elite and Liedao for a nominal price or a pre-determined amount in accordance with the relevant procedures stipulated in the Exclusive Option Agreements.

Exclusive Business Cooperation Agreements

Each of Wisest, TD Elite and Liedao enters into an exclusive business cooperation agreement with Tiancai Youdao upon completion of the Reorganization (collectively, the “**Exclusive Business Cooperation Agreements**”), pursuant to which each of Wisest, TD Elite and Liedao agrees to engage Tiancai Youdao as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to Tiancai Youdao’s adjustment, are equal to (i) 30% of the net profit of Wisest and its subsidiaries and (ii) all of the net profit of each of TD Elite and Liedao and their respective subsidiaries. Tiancai Youdao may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of each of Wisest, TD Elite and Liedao and their respective subsidiaries from previous financial periods, which will be wired to the designated account of Tiancai Youdao upon issuance of payment notification by Tiancai Youdao. Tiancai Youdao enjoys (i) 30% of the economic benefits derived from the businesses of Wisest and its subsidiaries and (ii) all the economic benefits derived from the businesses of TD Elite and Liedao and their respective subsidiaries and bears the relevant portion of the business risks of Wisest, TD Elite and Liedao, respectively. If Wisest, TD Elite and Liedao runs into financial deficit or suffers severe operation difficulties, Tiancai Youdao will provide financial support to Wisest, TD Elite and Liedao proportionately.

In line with the services it provides, it is expected that Tiancai Youdao will need to employ approximately 80 personnel primarily providing consulting and technical services to Wisest, TD Elite and Liedao. In addition, Tiancai Youdao’s primary operating assets will be IT facilities, network and equipment, which support its provision of services to Wisest, TD Elite and Liedao under the Exclusive Business Cooperation Agreements.

The primary obligation of Tiancai Youdao is the provision of services to Wisest, TD Elite and Liedao. Both Tiancai Youdao and each of Wisest, TD Elite and Liedao have control measures in place, which primarily include measures with respect to accounts payables and receivables, which require the review and approval by the relevant department(s) of Tiancai Youdao and Wisest, TD Elite and Liedao to confirm the services provided

CONTRACTUAL ARRANGEMENTS

by Tiancai Youdao and received by Wisest, TD Elite and Liedao periodically. Further, to ensure that Tiancai Youdao will not engage in the Relevant Businesses or any other restricted business in the PRC, Tiancai Youdao has set up an internal control procedure, which requires the senior staff members of relevant departments to review the business to be entered into by Tiancai Youdao. In addition, our legal department will review business contracts to be entered into by Tiancai Youdao to ensure compliance with the applicable PRC laws, regulations and rules.

Intellectual property rights are developed during the normal course of business of Wisest, TD Elite and Liedao and their respective subsidiaries. Pursuant to the Exclusive Business Cooperation Agreements, Tiancai Youdao will have the exclusive and proprietary rights to all intellectual properties developed by each of Wisest, TD Elite and Liedao and their respective subsidiaries, given that Tiancai Youdao provides consultation services to Wisest, TD Elite and Liedao and its subsidiaries during the term of the Exclusive Cooperation Agreement. Part of the economic benefits generated by each of Wisest, TD Elite and Liedao and their respective subsidiaries will be intellectual properties developed or created during the normal business operation of Wisest, TD Elite and Liedao and their respective subsidiaries. The services provided by Tiancai Youdao typically include providing core technical services, such as programming, while Wisest, TD Elite and Liedao and their respective subsidiaries execute the ideas and supplement with details, such as art designing and text editing, and intellectual properties are developed in the process. Though we do not intend to transfer any existing intellectual property rights held by Wisest, TD Elite and Liedao to Tiancai Youdao, Wisest, TD Elite and Liedao is required under the Contractual Arrangements to obtain Tiancai Youdao's prior written consent before they transfer, assign or dispose of any of the intellectual properties to any third party. Our PRC Legal Advisor is of the opinion that (i) such provision relating to the intellectual properties will not result in these agreements being challenged by the relevant government authorities in the PRC; (ii) it is legal for Wisest, TD Elite and Liedao to hold the intellectual property rights in relation to our businesses; and (iii) Wisest, TD Elite and Liedao is in full compliance with the requirements of the Administrative Measures for the Licensing of Telecommunication Business Operations (《電信業務經營許可管理辦法》) and the Circular of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services (《資訊產業部關於加強外商投資經營增值電信業務管理的通知》).

The Exclusive Business Cooperation Agreements are for an initial term of ten years and may be extended by Tiancai Youdao for a term determined by Tiancai Youdao.

Share Pledge Agreements

Each of Wisest, TD Elite and Liedao, the Relevant Shareholders and Tiancai Youdao enter into a share pledge agreement upon completion of the Reorganization (collectively, the “**Share Pledge Agreements**”). Under the Share Pledge Agreements, the Relevant Shareholders will pledge as first charge all of their respective equity interests in Wisest, TD Elite and Liedao to Tiancai Youdao as collateral security for any or all of their payments due to Tiancai Youdao and to secure performance of their obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreements and the Powers of Attorney (as defined below). The Share Pledge Agreements will not terminate until (i) all obligations of Wisest, TD Elite and Liedao and the Relevant Shareholders are satisfied in full; (ii) Tiancai Youdao exercises its exclusive option to purchase the entire equity interests held by the Relevant Shareholders in Wisest, TD Elite and Liedao and/or (a) 30% of the assets of Wisest and (b) the entire assets of TD Elite and Liedao pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws; (iii) Tiancai Youdao exercises its unilateral and unconditional right of termination; or (iv) the agreement is required to be terminated in accordance with applicable PRC laws. In addition, under the Exclusive Option Agreements, none of the Relevant Shareholders may transfer or permit the encumbrance of any of their equity interests in and the relevant assets of Wisest, TD Elite and Liedao (including any equity interests in and the relevant assets of the subsidiaries of Wisest, TD Elite and Liedao) without Tiancai Youdao's prior written consent. Furthermore, under the Exclusive Business Cooperation Agreements, Tiancai Youdao is entitled to retain and exercise physical control of company seals and certificates that are crucial to the daily operations of Wisest, TD Elite and Liedao, which further strengthens the protection of Tiancai Youdao's interests over Wisest, TD Elite and Liedao under the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS

Should an event of default (as provided in the Share Pledge Agreements) occur, unless it is successfully resolved to Tiancai Youdao's satisfaction within 30 days upon being notified by Tiancai Youdao, Tiancai Youdao may demand that the Relevant Shareholders and/or Wisest, TD Elite and Liedao immediately pay all outstanding payments due under the Exclusive Business Cooperation Agreements, repay any loans and make all other payments due to it, and/or dispose of the pledged equity interests and use the proceeds to repay any outstanding payments due to Tiancai Youdao. The pledges under the Share Pledge Agreements will be duly registered with the relevant PRC legal authority pursuant to PRC laws and regulations.

Powers of Attorney

An irrevocable power of attorney has been entered into between the Relevant Shareholders, Tiancai Youdao and each of Wisest, TD Elite and Liedao upon completion of the Reorganization 2018 (the "**Powers of Attorney**"), whereby the Relevant Shareholders will appoint Tiancai Youdao or a director of its offshore holding company or its/his/her successor (including a liquidator replacing Tiancai Youdao's director) as their exclusive agent and attorney to act on their behalf on all matters concerning each of Wisest, TD Elite and Liedao and to exercise all of its rights as a registered shareholder of each of Wisest, TD Elite and Liedao. These rights include (i) the right to propose, convene and attend shareholders' meetings; (ii) the right to sell, transfer, pledge or dispose of shares; (iii) the right to exercise shareholders' voting rights; and (iv) the right to act as the legal representative (chairperson), the director, supervisor, the chief executive officer (or general manager) and other senior management members of each of Wisest, TD Elite and Liedao. The authorized person is entitled to sign minutes, file documents with the relevant companies registry and exercise voting rights on the winding up of each of Wisest, TD Elite and Liedao on behalf of the Relevant Shareholders. The Relevant Shareholders have each undertaken to transfer all assets obtained after the winding up of each of Wisest, TD Elite and Liedao to Tiancai Youdao at nil consideration or the lowest price permissible by the then applicable PRC laws. As a result of the Powers of Attorney, we, through Tiancai Youdao, is able to exercise management control over the activities that most significantly impact the economic performance of each of Wisest, TD Elite and Liedao.

The Powers of Attorney also provided that, in order to avoid potential conflicts of interest, where the Relevant Shareholders are officers or directors of our Group, the powers of attorney are granted in favor of other unrelated officers or the Directors of our Company.

The Powers of Attorney shall automatically terminate once Tiancai Youdao (or any member of our Group other than each of Wisest, TD Elite and Liedao and their respective subsidiaries) directly holds the entire equity interests in and/or the entire assets of each of Wisest, TD Elite and Liedao once permitted under the then PRC laws and Tiancai Youdao (or its subsidiaries) is allowed to conduct the Relevant Businesses under the then PRC laws, following which Tiancai Youdao is registered as the sole shareholder of each of TD Elite and Liedao and hold 30% equity interest as to Wisest.

Shareholder Undertakings

The shareholder undertakings (股東承諾) (the "**Shareholder Undertakings**"), pursuant to which the corporate registered shareholders of Wisest and TD Elite irrevocably undertake that they will not enter into any pledge, disposal, creating any encumbrance or any other third party right in respect of their respective interests in Wisest and TD Elite which would jeopardize the priority of the pledges under the relevant Share Pledge Agreement in relation to Wisest and TD Elite or affect the stable performance of the Contractual Arrangements in respect of Wisest and TD Elite.

Dispute Resolution

Each of the Contractual Arrangements stipulates that the parties shall negotiate in good faith to resolve the dispute in the event of any dispute with respect to the construction and performance of the provisions. In the

CONTRACTUAL ARRANGEMENTS

event the parties fail to reach an agreement on the resolution of such a dispute within 30 days after any party's request for resolution of the dispute through negotiations, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling shall be final and binding on all parties. Any party shall have the right to apply to the courts with competent jurisdiction for enforcement of arbitration rulings after the arbitration rulings come into force.

Each of the Contractual Arrangements also provides that (i) the arbitral tribunal may award remedies over the equity interests, assets or property interest of each of Wisest, TD Elite and Liedao, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of each of Wisest, TD Elite and Liedao; and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and other jurisdiction (being the place of domicile of each of Wisest, TD Elite and Liedao and where the principal assets of each of Wisest, TD Elite and Liedao or Tiancai Youdao are located) also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the shares or property interest of each of Wisest, TD Elite and Liedao.

However, our PRC Legal Advisor has advised that (i) a tribunal normally would not grant such kind of injunctive relief or winding up order of each of Wisest, TD Elite and Liedao under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that our PRC Operating Entities, each of Wisest, TD Elite and Liedao or the Relevant Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our PRC Operating Entities and conduct our business could be materially and adversely affected. Please refer to the section headed "*Risk Factors — Risks Relating to our Contractual Arrangements*" of this Prospectus for details.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Relevant Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, Tiancai Youdao can enforce its rights against the successors. Pursuant to the Contractual Arrangements, any inheritor of the Relevant Shareholders shall inherit any and all rights and obligations of the registered shareholders under the Contractual Arrangements as a result of their death, loss of capacity, marriage, divorce, bankruptcy or under other circumstance which would affect their exercise of equity interest in each of Wisest, TD Elite and Liedao, as if the inheritor was a signing party to such Contractual Arrangements.

According to the terms of the Exclusive Option Agreement, each of the Relevant Shareholders has undertaken, in the event of death or any other event which causes the inability of the shareholder to perform their day-to-day obligations, bankruptcy, marriage or divorce, to transfer all of the equity interests, including right and obligations, in each of Wisest, TD Elite and Liedao, held by them without consideration to Tiancai Youdao or an individual or legal entity designated by Tiancai Youdao under applicable PRC law.

In addition, the spouse of each of Mr. Dai and Mr. Chen executes an irrevocable undertaking upon completion of the Reorganization, whereby they will expressly and irrevocably acknowledge and undertake that (i) any equity interests held by Mr. Dai or Mr. Chen in each of Wisest and TD Elite do not fall within the scope

CONTRACTUAL ARRANGEMENTS

of their communal properties: (ii) they will not have any claim on the interests of each of Wisest and TD Elite and Liedao obtained through the Contractual Arrangements; (iii) they have never participated and will not participate in the operation or management of each of Wisest and TD Elite and Liedao.

Based on the foregoing, our PRC Legal Advisor is of the view that (i) the Contractual Arrangements provide protection to us even in the event of loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the Relevant Shareholders; and (ii) loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the Relevant Shareholders would not affect the validity of the Contractual Arrangements, and Tiancai Youdao can enforce its rights under the Contractual Arrangements against the successors of such shareholders.

Arrangements to Address Potential Conflicts of Interests

The Relevant Shareholders undertake that, during the period that the Contractual Arrangements remain effective,

- (i) (a) they shall not execute any documents with or make any undertaking to any third parties that may have conflicts of interests with any agreements entered into by Tiancai Youdao or each of Wisest, TD Elite and Liedao, (b) they shall not commit or refrain from committing any act that may lead to any conflicts of interests between the Relevant Shareholders and Tiancai Youdao (including its shareholders) and (c) in the event of the occurrence of a conflict of interests (where Tiancai Youdao has the sole absolute discretion to determine whether such conflict arises), they shall take appropriate measures up on the consent of Tiancai Youdao and its designee to eliminate such conflicts, failing which Tiancai Youdao has the right to exercise the option under the Exclusive Option Agreements; and
- (ii) unless otherwise agreed to by Tiancai Youdao in writing, they will not (a) directly or indirectly participate or engage in any business which is or may potentially be in competition with the businesses of each of Wisest, TD Elite and Liedao or any of their respective subsidiaries, (b) be employed by an entity whose operation is or may potentially be in competition with the businesses of each of Wisest, TD Elite and Liedao or any of their respective subsidiaries or hold interest in or assets of such entities, save that ownership of an equity interest of up to 5% is permitted, where Tiancai Youdao has the absolute discretion whether such conflict arises.

The Powers of Attorney also provide that, in order to avoid potential conflicts of interest, where the Relevant Shareholders are officers or directors of our Group, the powers of attorney are granted in favor of other unrelated officers or Directors of our Company.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provides that our Company or Tiancai Youdao is obligated to share the losses of each of Wisest, TD Elite and Liedao, but if each of Wisest, TD Elite and Liedao suffers any losses or material difficulties of business, Tiancai Youdao may provide financial support as permitted under PRC laws at its discretion to each of Wisest, TD Elite and Liedao under the terms of the Exclusive Business Cooperation Agreements. Further, each of Wisest, TD Elite and Liedao is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under PRC laws and regulations, our Company or Tiancai Youdao is not expressly required to share the losses of each of Wisest, TD Elite and Liedao or provide financial support to each of Wisest, TD Elite and Liedao. Despite the foregoing, given that we conduct the Relevant Businesses in the PRC through each of Wisest, TD Elite and Liedao and their respective subsidiaries which hold the requisite PRC license and approvals and that each of Wisest, TD Elite and Liedao's results of operations and assets and liabilities are consolidated into our results of operations and assets and liabilities under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if each of Wisest, TD Elite and Liedao and their respective subsidiaries suffered losses.

CONTRACTUAL ARRANGEMENTS

Liquidation

Pursuant to the Exclusive Option Agreement, in the event of a mandatory liquidation required by PRC laws, (i) Wisest shall sell 30% of its assets, and (ii) each of TD Elite and Liedao shall sell all of its assets, to the extent permitted by PRC laws, to Tiancai Youdao or another qualifying entity designated by Tiancai Youdao, at the lowest selling price permitted by applicable PRC laws. Any obligation for Tiancai Youdao to pay each of Wisest, TD Elite and Liedao as a result of such transaction shall be waived by each of Wisest, TD Elite and Liedao and any profits arising from the above transactions shall be paid to Tiancai Youdao or the qualifying entity designated by Tiancai Youdao in partial satisfaction of the service fees under the Exclusive Option Agreements, as applicable under the then current PRC laws. Accordingly, in the event of winding up of each of Wisest, TD Elite and Liedao, a liquidator may seize the relevant assets of each of Wisest, TD Elite and Liedao through Tiancai Youdao based on the Contractual Arrangements for the benefit of our creditors/shareholders.

Termination

Each of the Contractual Arrangements provides that Tiancai Youdao and each of Wisest, TD Elite and Liedao shall terminate the Contractual Arrangements once Tiancai Youdao holds (i) 30% of the equity interests and/or 30% of the assets of Wisest and (ii) the entire equity interests and/or the entire assets of each of TD Elite and Liedao under the then PRC laws and if Tiancai Youdao or its subsidiaries are able to conduct the Relevant Businesses directly as a result of being permitted to do so under the then PRC laws and Tiancai Youdao is registered as the shareholder of 30% equity interests in Wisest and the sole shareholder of each of TD Elite and Liedao. In addition, pursuant to the Exclusive Business Cooperation Agreements, Tiancai Youdao has the unilateral right to terminate these agreements at any time by providing 30 days' advance written notice to each of Wisest, TD Elite and Liedao.

Insurance

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Company's confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through each of Wisest, TD Elite and Liedao and their respective subsidiaries under the Contractual Arrangements.

Legality of the Contractual Arrangements

Tiancai Youdao's right to deal with the pledged equity interest in each of Wisest, TD Elite and Liedao under the Share Pledge Agreements and its option to acquire the relevant equity interest in and/or the relevant assets of each of Wisest, TD Elite and Liedao under the Exclusive Option Agreements are confined to be carried out in a manner as permitted by the relevant PRC laws. Further, the pledges created under the Share Pledge Agreements shall only become effective upon its due registration with the relevant Administration for Industry and Commerce of the PRC. Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Our PRC Legal Advisor is also of the opinion that:

- (i) each of Tiancai Youdao, Wisest, TD Elite and Liedao is an independent legal entity which is duly established, and their respective establishment is valid, effective and complies with the relevant PRC laws; each of Tiancai Youdao, Wisest, TD Elite and Liedao has also obtained necessary approvals and completed registration procedures as required by the applicable PRC laws and regulations;

CONTRACTUAL ARRANGEMENTS

- (ii) each of the agreements under the Contractual Arrangements is legal, valid and binding on the parties thereto;
- (iii) none of the agreements under the Contractual Arrangements violates any provisions of respective articles of association of Tiancai Youdao, each of Wisest, TD Elite and Liedao and their respective subsidiaries;
- (iv) the Contractual Arrangements do not require any approvals from the PRC governmental authorities, except that the pledges under the Share Pledge Agreements are required to be registered with the relevant Administration of Industry and Commerce, which will be duly completed before Listing;
- (v) the Contractual Arrangements are not in violation of applicable PRC laws and regulations, except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of each of Wisest, TD Elite and Liedao, injunctive relief and/or winding up of each of Wisest, TD Elite and Liedao, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in each of Wisest, TD Elite and Liedao in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and
- (vi) the consummation of the contemplated listing of our shares on the Stock Exchange is not a violation of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was adopted by six PRC regulatory agencies, including MOFCOM and the China Securities Regulatory Commission, and effective since September 2006 and amended on June 22, 2009.

We are aware of a Supreme People's Court ruling (the "**Supreme People's Court Ruling**") made in October 2012 and two arbitral decisions from the Shanghai International Economic and Trade Arbitration Commission made in 2010 and 2011 which invalidated certain contractual agreements for the reason that the entry into of such agreements with the intention of circumventing foreign investment restrictions in the PRC contravene the prohibition against "concealing an illegitimate purpose under the guise of legitimate acts" set out in Article 52 of the PRC Contract Law and the General Principles of the PRC Civil Law. It has been further reported that these court rulings and arbitral decisions may increase (i) the possibility of PRC courts and/or arbitration panels taking similar actions against contractual structures commonly adopted by foreign investors to engage in restricted or prohibited businesses in the PRC and (ii) the incentive for the Relevant Shareholders to renege on their contractual obligations. Pursuant to Article 52 of the PRC Contract Law, a contract is void under any of the following five circumstances: (i) the contract is concluded through the use of fraud or coercion by one party and thereby damages the interest of the State; (ii) malicious collusion is conducted to damage the interest of the State, a collective unit or a third party; (iii) the contract damages the public interest; (iv) an illegitimate purpose is concealed under the guise of legitimate acts; or (v) the contract violates the mandatory provisions of the laws and administrative regulations. Our PRC Legal Advisor is of the view that the relevant terms of our Contractual Arrangements do not fall within the above five circumstances. In particular, our PRC Legal Advisor is of the view that the Contractual Arrangements would not be deemed as "concealing illegal intentions with a lawful form" such that they also do not fall within circumstance (iv) above under Section 52 of the PRC Contract law because the Contractual Arrangements were not entered into for illegitimate purposes. The purpose of the Contractual Arrangements are (a) to enable each of Wisest, TD Elite and Liedao to transfer its relevant economic benefits to Tiancai Youdao as service fees for engaging Tiancai Youdao as its exclusive service provider and (b) to ensure that the Relevant Shareholders do not take any actions that are contrary to the interests of Tiancai Youdao. In accordance with Article 4 of the PRC Contract Law, which is a section of the Part One (General Principles) of the PRC Contract Law setting forth fundamental principles under the PRC Contract Law, the parties to the Contractual Arrangements have the right to enter into contracts in accordance with their own

CONTRACTUAL ARRANGEMENTS

wishes and no person may illegally interfere with such right. In addition, the effect of the Contractual Arrangements, which is to allow our Company to list on the Stock Exchange while obtaining all the economic benefits of each of Wisest, TD Elite and Liedao, is not for an illegitimate purpose, as evidenced by the fact that a number of currently listed companies also adopt similar contractual arrangements. In conclusion, the Contractual Arrangements do not fall within any of the five circumstances set forth in Article 52 of the PRC Contract Law.

Please refer to the section headed “*Business — Legal Proceedings and Compliance*” of this Prospectus for details of the compliance history of our Group.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from and has been granted by the Stock Exchange, details of which are disclosed in the section headed “*Connected Transactions*” of this Prospectus.

Draft Foreign Investment Law

MOFCOM published a discussion draft of a proposed Foreign Investment Law (中華人民共和國外國投資法(草案徵求意見稿)) (the “**Draft Foreign Investment Law**”) in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign investment in China. MOFCOM has solicited comments on this draft in early 2015 and substantial uncertainties exist with respect to its final form, enactment timetable, interpretation and implementation. The Draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating foreign investment in China.

The Draft Foreign Investment Law stipulates restrictions of foreign investment in certain industry sectors. The catalog of special administrative measures or “negative list” set out in the Draft Foreign Investment Law classifies the relevant prohibited and restricted industries into the Catalog of Prohibitions and the Catalog of Restrictions, respectively. Foreign investors are not allowed to invest in any sector set out in the Catalog of Prohibitions. Where any foreign investor directly or indirectly holds shares, equities, properties or other interests or voting rights in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalog of Prohibitions, unless otherwise specified by the State Council. Foreign investors are allowed to invest in sectors set out in the Catalog of Restrictions, provided that they fulfill certain conditions and apply for permission before making such investment. However, the Draft Foreign Investment Law does not specify the businesses to be included in the Catalog of Restrictions and the Catalog of Prohibitions.

Among other things, the Draft Foreign Investment Law purports to introduce the principle of “Control” (as defined below) in determining whether a company is considered a foreign invested enterprise or foreign invested entity (“**FIE**”). The Draft Foreign Investment Law specifically provides that entities established in China but Controlled by foreign investors will be treated as FIEs, whereas an entity organized in a foreign jurisdiction but cleared by the authority in charge of foreign investment as Controlled by PRC Investors (as defined below), would nonetheless be treated as a PRC domestic entity for investment in the “restricted category” on the “negative list” to be issued, subject to the examination of the relevant authority in charge of foreign investment. For these purposes, “**Control**” is broadly defined in the Draft Foreign Investment Law to cover any of the following categories:

- holding directly or indirectly 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity;
- holding directly or indirectly less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity, but
 - (a) having the power to directly or indirectly appoint 50% or more of the members of the board of directors or other equivalent decision-making bodies of the subject entity;

CONTRACTUAL ARRANGEMENTS

- (b) having the power to secure its nominated persons to acquire 50% or more of the seats on the board of directors or other equivalent decision-making bodies of the subject entity; or
- (c) having the voting power to exert material influence over decision-making bodies, such as the shareholders' meeting or the board of directors of the subject entity; or
- having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial, staffing and technology matters.

“**PRC Investor**” is defined under the Draft Foreign Investment Law as:

- a PRC national;
- a PRC governmental entity; and
- a PRC-incorporated entity that is Controlled by PRC nationals and/or PRC governmental entities.

If an entity is determined to be a FIE, and its investment amount exceeds certain thresholds or its business operation falls within the “negative list” in the Draft Foreign Investment Law, market entry clearance by the authority in charge of foreign investment would be required.

The “variable interest entity” structure (the “**VIE structure**”) has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control over 30% equity interests in Wisest and over 100% equity interests in each of TD Elite and Liedao by Tiancai Youdao, through which we operate the Relevant Businesses in the PRC. Under the Draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. For companies with a VIE structure in an industry category that is in the “negative list”, it is possible that the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state-owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

The Draft Foreign Investment Law has not been enacted and our Contractual Arrangements are expected to be established before the enactment of the Draft FIL. Notwithstanding that the accompanying explanatory notes to the Draft Foreign Investment Law (the “**Explanatory Notes**”) do not provide a clear direction in dealing with VIE structures existing before the Draft FIL becomes effective, which (together with the Draft Foreign Investment Law) were still pending for further study as of the Latest Practicable Date, the Explanatory Notes contemplate three possible approaches in dealing with FIEs with existing VIE structures and conducting business in an industry falling in the “negative list”:

- (i) requiring them to make a filing (申報) to the competent authority that the Control is vested with PRC Investors, after which the VIE structures may be retained;
- (ii) requiring them to apply to the competent authority for certification that their Control is vested with PRC Investors and, upon verification (認定) by the competent authority, the VIE structures may be retained; and
- (iii) requiring them to apply to the competent authority for access permission (准入許可) to continue to use the VIE structure. The competent authority together with the relevant departments will then make a decision after taking into account the Control of the FIE and other factors.

CONTRACTUAL ARRANGEMENTS

The three possible approaches above are set out in the Explanatory Notes to solicit public opinion on the treatment of existing contractual arrangements, have not been formally adopted and may be subject to revisions and amendments taking into account the results of the public consultation.

Where foreign investors and FIEs circumvent the provisions of the Draft Foreign Investment Law by entrusted holdings, trusts, multi-level re-investments, leasing, contracting, financing arrangements, protocol control, overseas transactions or otherwise, make investments in sectors specified in the Catalog of Prohibitions, make investments in sectors specified in the Catalog of Restrictions without permission or violate the information reporting obligations specified therein, the penalty shall be imposed in accordance with Article 144 of (Investments in Sectors Specified in the Catalog of Prohibitions), Article 145 (Violation of Provisions on Access Permission), Article 147 (Administrative Legal Liability for Violating the Information Reporting Obligation) or Article 148 (Criminal Legal Liability for Violating the Information Reporting Obligation) of the Draft FIL, as the case may be.

If foreign investors make investments in the sectors specified in the Catalog of Prohibitions or make investments in the sectors specified in the Catalog of Restrictions without the access permission, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the people's government at the place where the investments are made shall order them to cease the implementation of the investments, dispose of any equity or other assets within a prescribed time limit, confiscate any illegal gains and impose a fine of not less than RMB100,000 but not more than RMB1 million or of not more than 10% of illegal investments.

If foreign investors or FIEs are in violation of the provisions of the Draft Foreign Investment Law, including by way of failing to perform on schedule, or evading the performance of, the information reporting obligation, or concealing the truth or providing false or misleading information, the competent authorities for foreign investment in the province, autonomous region and/or municipality under the people's government at the place where the investments are made shall order them to make rectifications within a prescribed time limit; if they fail to make rectifications within the prescribed time limit, or the circumstances are serious, a fine of not less than RMB50,000 but not more than RMB500,000 or of not more than 5% of the investments shall be imposed.

As at the Latest Practicable Date, there is no definite timeline when the new Foreign Investment Law will come into effect, and more importantly, whether it is to be promulgated in the current draft form, and MOFCOM has neither issued any definite rules or regulations to govern existing contractual arrangements.

Potential impact to our Company if the Contractual Arrangements are not treated as domestic investment

As disclosed above, according to the Draft Foreign Investment Law, Control includes the power or position to control an enterprise through investment arrangements, contractual arrangements or other rights and decision-making arrangements.

Notwithstanding PRC Investors are expected to hold less than 50% of the voting rights of the shares of the Company upon completion of the Listing, if the Draft Foreign Investment Law is promulgated in the current draft form, our PRC Legal Advisor and the Joint Sponsors' PRC legal advisor have advised that our Company can apply for recognition of the Contractual Arrangements as a domestic investment and will likely be viewed as being Controlled by PRC Investors by relying on the second limb of the definition of "Control" set out above for the following reasons:

- (a) under the Articles, members of the Nomination Committee shall be elected by resolutions approved by a majority of the Directors;
- (b) the Nomination Committee will be responsible for making recommendations to the Board for the appointment or removal of Directors after Listing. Under the Articles, a Director may only be

CONTRACTUAL ARRANGEMENTS

appointed by (i) the Shareholders by ordinary resolution; or (ii) in the case of appointment of any person as a director either to fill a casual vacancy or as an addition to the Board, by a majority of the Board (any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting), and a Director may only be removed by (i) the Shareholders by ordinary resolution upon the Board's proposal; or (ii) by a three-quarters majority of the Board. The Board is in turn restricted to appointing or proposing to shareholders to elect, directors from candidates nominated by the Nomination Committee, or remove Directors as proposed by the Nomination Committee, in accordance with the Articles;

- (c) the Articles and the terms of reference of the Nomination Committee (the “**Terms of Reference**”) will provide that the chairman of the Nomination Committee shall be a PRC Investor under the Draft Foreign Investment Law. Mr. Dai has been appointed as the chairman of the Nomination Committee (the “**Chairman**”). As advised by our PRC Legal Advisor and the Joint Sponsors' PRC legal advisor, Mr. Dai, as an indirect Shareholder, will be considered a PRC Investor of our Company under the Draft Foreign Investment Law as he is a PRC national. Our PRC Legal Advisor and the Joint Sponsors' PRC legal advisor have further advised that there is no threshold on the shareholding in order for the PRC national to qualify as a PRC Investor under the Draft Foreign Investment Law;
- (d) unless and until compliance with the relevant requirements under the final Foreign Investment Law or applicable foreign investment laws (as amended or updated) is no longer required and with the Stock Exchange's consent, (i) the Articles will require that a majority of the Directors shall be PRC nationals, and (ii) the Terms of Reference will provide that when nominating candidates for directorship, the Nomination Committee will be bound by a restriction that a majority of the Directors shall be PRC nationals (subject to their fiduciary duties and compliance with applicable legal and regulatory requirements). Our Company's Cayman Islands legal advisers, Maples and Calder (Hong Kong) LLP, have confirmed that the aforementioned provisions in the Articles and the Terms of Reference do not contravene the applicable laws (including anti-discrimination law) of Cayman Islands, and that our Company has the power to ensure majority of its Directors are PRC nationals. Our PRC Legal Advisor has also confirmed that such provisions in the Articles and the Terms of Reference do not contravene the applicable anti-discrimination laws in the PRC. We would also be able to ensure board diversity under the Corporate Governance Code. Note to paragraph A.5.6 of the Corporate Governance Code provides that board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience, and that each issuer should take into account its own business model and specific needs. As our principal business is the provision of online and offline recruitment services in China which requires deep local knowledge and experience, it is in line with our business model and specific needs to require that a majority of the Directors shall be PRC nationals. The Directors believe that Directors who are PRC nationals will be more familiar with the industry in China and have more in-depth knowledge of, and connection within, the local talent services market, which are in line with our development strategies. Furthermore, the Directors believe that there will be sufficient candidates who are PRC nationals of different gender, age, educational background and professional experience to ensure that we will have a Board with diversified perspectives;
- (e) the Articles and the Terms of Reference will further provide that the Nomination Committee will comprise three members. The quorum of a meeting of the Nomination Committee shall be two (including the Chairman). Any resolution of the Nomination Committee at the meeting shall be approved by a majority (including the affirmative vote of the Chairman) of the members of the Nomination Committee who attend and vote at the meeting. In the event of an equality of votes of the Nomination Committee, the Chairman will have a casting vote in addition to any other vote he may have. Alternatively, decision of Nomination Committee may be approved by way of a written resolution signed unanimously by every member of the Nomination Committee;

CONTRACTUAL ARRANGEMENTS

- (f) the Shareholders would not have any right under Cayman Islands law to propose (a) any amendment to the Terms of Reference which has not been proposed by the Board, or (b) the appointment or removal of any persons as directors who have not been proposed by the Board (pursuant to the nominations of the Nomination Committee made in accordance with the Terms of Reference). Any candidate proposed by the Shareholders shall first be approved by the Nomination Committee and the Board before election at the shareholders' meeting, provided that members of the Nomination Committee and the Board will be subject to fiduciary duties as directors of the Company in making such decision;
- (g) any amendment to the Articles shall be approved by special resolution (which requires not less than three-fourths of the votes of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given). Each of Mr. Dai, Mr. Chen, Ms. Dai Keying and Tenzing Holdings 2011 Ltd. ("**Tenzing**"), who collectively are expected to Control over 25% of the voting rights of the Shares upon Listing, is expected provide an Undertaking (the "**Undertaking**") to the Company and the Stock Exchange that each of them will vote, or procure the companies through which they hold shares in the Company to vote, against any amendment to the Articles (i) removing the requirement that the Chairman shall be a PRC Investor, (ii) affecting the Chairman's power to secure his/her nominated persons to acquire at least 50% of the seats on the Board or (iii) removing the requirement that a majority of the Directors shall be PRC nationals. In the event that any third party acquires any interest from any of Mr. Dai, Mr. Chen, Ms. Dai Keying and Tenzing so that their combined Control over the voting rights in the Company would fall below 25%, they would (a) procure the third party to provide an undertaking on substantially the same terms and conditions as the Undertaking; and (b) demonstrate to the reasonable satisfaction of the Company and the Stock Exchange that the Contractual Arrangements will continue to be viewed as a domestic investment under the Draft Foreign Investment Law or the final Foreign Investment Law as enacted, as the case may be, to the extent the then current PRC laws, regulations and policies are consistent with the Draft provided that, this obligation shall only apply to Tenzing (or any other entity through which it holds the Shares) in the event that Tenzing or such entity proposes to transfer such number of the issued Shares and, as a result of such transfer, Mr. Dai, Mr. Chen, Ms. Dai Keying and Tenzing will no longer control in aggregate of more than 25% of the voting rights in our Company. In addition:
- (i) the Undertaking will become effective from the Listing and will remain effective until the earlier of the occurrence of the following events:
- Mr. Dai, Mr. Chen, Ms. Dai Keying and Tenzing ceasing to hold any voting rights in the Company;
 - compliance with the relevant requirements under the final Foreign Investment Law as enacted or applicable foreign investment laws (together with, if any, all subsequent amendments or updates, as promulgated) as finally enacted is not required and the Stock Exchange has consented to this;
 - compliance with the Undertaking is no longer required, as advised by the Stock Exchange;
 - the Stock Exchange and any applicable Chinese regulatory departments have consented to such termination; or
 - in respect of Tenzing only, when Mr. Dai, Mr. Chen and Ms. Dai Keying collectively control more than 25% of the voting rights in our Company.

CONTRACTUAL ARRANGEMENTS

To the extent that only part of the Undertaking above is no longer required as a result of the above, the preceding sentence occurring, only such part of the Undertaking that is no longer required shall cease to be effective. To the extent that the Undertaking (or any part thereof) is no longer effective, the Company will issue an announcement as soon as practicable; and

- (ii) the Undertaking will only cease to become effective for the reasons outlined above. Furthermore, the Undertaking will be a matter of public record and any party considering acquiring direct or indirect interest in the Company from any of Mr. Dai, Mr. Chen, Ms. Dai Keying and Tenzing will know that they are bound by the Undertaking, that the Undertaking was given in connection with the Company's application for the Listing, and that failure to abide by the Undertaking may give rise to adverse regulatory consequences to the listing status of the Company;
- (h) the Company intends to follow paragraph A.4.2 of the Corporate Governance Code, pursuant to which every Director, including those appointed for a specific term, will be subject to retirement by rotation at least once every three years. The Board has the power, from time to time and at any time, to appoint any person as an additional director to the Board, subject to the requirement that any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election. If the Shareholders did not vote to re-elect any director nominated or appointed by the Board, it is in any event within the power of the Board to appoint one or more additional directors, subject to the requirement that such directors being subject to re-election at the next annual general meeting; and
- (i) based on the above, our PRC Legal Advisor and the Joint Sponsors' PRC legal advisor have advised that, Mr. Dai, as a PRC Investor (and any successor of the Chairman of Nomination Committee who will be a PRC Investor by virtue of the Articles and the Terms of Reference), will be considered to have the power to secure his/her nominated persons to acquire at least 50% of the seats on the Board. On this basis, our PRC Legal Advisor and the Joint Sponsors' PRC legal advisor are of the view that each of Wisest, TD Elite, Liedao and our Company will likely be considered Controlled by PRC Investors under the Draft Foreign Investment Law.

If the operation of the Relevant Businesses is no longer on the "negative list" and we can legally operate the Relevant Businesses under PRC Laws, Tiancai Youdao will exercise the call option under the Exclusive Option Agreements to acquire the equity interest and/or assets of each of Wisest, TD Elite and Liedao and unwind the Contractual Arrangements subject to any then applicable approvals from relevant authorities.

If the operation of the Relevant Businesses is on the "negative list" and the Foreign Investment Law as finally enacted is refined or deviates from the current Draft Foreign Investment Law, depending on the treatment of existing VIE structures, the Contractual Arrangements may be regarded as invalid and illegal. As a result, we would not be able to operate the Relevant Businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of (i) 30% interests in Wisest and its subsidiaries and (ii) the entire interests in TD Elite and Liedao and their respective subsidiaries. As a result, (i) 30% of the financial results of Wisest and its subsidiaries and (ii) the entire financial results of each of TD Elite and Liedao and their respective subsidiaries would no longer be consolidated into our Group's financial results and we would have to derecognize the relevant assets and liabilities according to the relevant accounting standards. If we do not receive any compensation, an investment loss would be recognized as a result of such derecognition. In such case, the Stock Exchange may also consider our Company to be no longer suitable for listing on the Stock Exchange and delist our Shares. See the sub-section headed "*Risk Factors — Risks Relating to Our Contractual Arrangements*" in this Prospectus for details.

Nevertheless, considering that a number of existing entities engaged in the Talent Intermediary Services and/or VATS industries, some of which have obtained listing status abroad, are operating under contractual arrangements, our Directors are of the view that it is unlikely, if the Draft Foreign Investment Law is promulgated, that the relevant authorities will apply it retrospectively to require relevant enterprises to remove or otherwise unwind their contractual arrangements.

CONTRACTUAL ARRANGEMENTS

However, there are uncertainties as to the definition of control that may be adopted in the Foreign Investment Law as finally enacted, and the relevant government authorities will have a broad discretion in interpreting the law. Please refer to the sub-section headed “*Risk Factors — Risks relating to our Contractual Arrangements*” of this Prospectus for further details of the risks we face relating to our Contractual Arrangements. In any event, our Company will take reasonable steps in good faith to seek compliance with the enacted version of the Foreign Investment Law, if and when it comes into force.

We will, to the extent that our Company would be required to announce such information pursuant to Part XIVA of the SFO after the Listing, timely announce (i) any updates or material changes to the Draft Foreign Investment Law and (ii) in the event that the new Foreign Investment Law has been promulgated, a clear description and analysis of the law, specific measures adopted by our Company to comply with the law (supported by advice from our PRC Legal Advisor), as well as its impact on our business operation and financial position.

Qualification Requirements

In addition to restrictions on foreign ownership, there are also regulatory requirements on the experience and operations of a foreign investor who intends to provide talent services and to operate a value-added telecommunications business in the PRC.

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “**FITE Regulations**”), which were amended on September 10, 2008 and February 6, 2016, respectively. According to the FITE Regulations, foreign investor who invests in VATS business in the PRC must possess the Qualification Requirement of VATS. The MIIT issued a guidance memorandum on its official website¹ in relation to the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC. According to this guidance memorandum, an applicant is required to provide, among other things, the applicant’s annual reports for the past three years, satisfactory proof of the Qualification Requirement of VATS and business development plan. The guidance memorandum, however, does not provide any further guidance on the proof, record or document required to support the application and does not purport to provide an exhaustive list on the application requirement. Our PRC Legal Advisor and the Joint Sponsors’ legal advisor have advised that, as of the date hereof, (i) the above-mentioned guidance memorandum issued by the MIIT had no legal or regulatory effect under the PRC laws and (ii) no applicable PRC laws, regulations or rules provided clear guidance or interpretation on the Qualification Requirement of VATS.

According to the HR Interim Provisions, a foreign investor who invests in a talent intermediary service agency shall have engaged in talent intermediary services for three years or more, and have a good reputation (the “**Qualification Requirement of HR License**”, and together with the Qualification Requirement of VATS, the “**Qualification Requirements**”). Furthermore, according to the Beijing HRB Consultation, the officer confirmed that the Qualification Requirement of HR License has been canceled in Beijing. Shihui Partners and JunHe LLP are of the view that the Beijing HRB, as the department in charge of supervision and substantive examination of foreign investors investing in the Talent Intermediary Services industry in Beijing, is the competent authority to give the relevant confirmation, and the officer is of appropriate ranking to provide such confirmation. Based on the Beijing HRB Consultation, Shihui Partners and JunHe LLP have advised that the Company’s indirect ownership of 70% of the equity interests in Wisest is in compliance with applicable laws and regulations in relation to foreign investor investing in talent intermediary service agency holding HR Service License in the PRC.

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas VATS and Talent Intermediary Services operations for the

¹ <http://www.miit.gov.cn/n1146300/n1306936/n1307091/n1307092/index.html>

CONTRACTUAL ARRANGEMENTS

purposes of being qualified, as early as possible, to acquire the entire equity interests in Wisest, TD Elite and Liedao when the relevant PRC laws and authorities allow foreign investors to invest and hold (or to increase, as applicable) equity interests in enterprises which engage in VATS and/or Talent Intermediary Services.

We have taken the following measures to meet the Qualification Requirement of VATS, so as to be qualified to acquire the relevant interests in TD Elite which is permitted to be held by a foreign investor when there is clear guidance or interpretation of the Qualification Requirement of VATS or the foreign investment restrictions in the VATS business is lifted and as indicated in the MIIT Consultations:

- Liepin (HK) Information Technology Co., Limited (“**Liepin HK**”) and TD Elite (HK) Management Consulting Co., Limited (“**TD Management HK**”), wholly-owned subsidiaries of our Company, have been incorporated in Hong Kong in June 2016 for the purposes of establishing and expanding our operations overseas;
- we have applied for, and are in the process of registering trademarks outside the PRC for the promotion of our Relevant Businesses overseas;
- we have obtained a domain name, careerplus.com, in April 2018 outside the PRC, and are in the process of constructing our overseas website, primarily for introducing our Relevant Businesses to overseas users; and
- we have commenced feasibility studies on the further development of marketing to overseas markets and expanding our current businesses to overseas markets.

Pursuant to the MIIT Consultations, our Company’s plan to establish overseas website may be taken into consideration when determining whether the foreign investor satisfies the Qualification Requirement of VATS, but will nevertheless be subject to substantive examination by the competent authority on a case-by-case basis as to whether it actually satisfies the Qualification Requirement of VATS.

We have also taken the following measures to meet the Qualification Requirement of HR License, so as to be qualified to acquire the relevant interests in TD Elite and Liedao which are permitted to be held by a foreign investor when there is clear guidance or interpretation of the Qualification Requirement of HR License or the foreign investment restrictions in the Talent Intermediary Service is lifted:

- Liepin HK and TD Management HK have been incorporated in Hong Kong in June 2016, and we have set up a subsidiary in the United States of America in July 2016, for the purpose of establishing and expanding our talent intermediary service overseas;
- we have established an executive team for overseas talent intermediary service and carried out certain marketing activities outside the PRC; and
- we have commenced feasibility studies on the further development of marketing to overseas markets and expanding our current businesses to overseas markets.

Pursuant to the Tianjin HRB Consultation, such measures may be taken into consideration when determining whether the foreign investor satisfies the Qualification Requirement of HR Licenses, but will nevertheless be subject to substantive examination by the competent authority on a case-by-case basis as to whether they actually satisfies the Qualification Requirement of HR Licenses.

On the other hand, pursuant to the Official Reply and the Beijing HRB Consultation, the officer confirmed that the Qualification Requirement of HR License has been canceled in Beijing. As Wisest was established in Beijing, the Qualification Requirement of HR License is not applicable to Wisest.

CONTRACTUAL ARRANGEMENTS

Subject to the discretion of the competent authority in determining whether our Group has fulfilled the Qualification Requirements, our PRC Legal Advisor is of the view that the above steps taken by us may be deemed by the relevant PRC government authorities to satisfy the Qualification Requirements as we have experience in providing VATS and Talent Intermediary Services in overseas markets, which is in accordance with the applicable PRC laws and regulations.

Accounting Aspects of the Contractual Arrangements

Consolidation of Financial Results of TD Elite and Liedao and their respective subsidiaries

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own each of TD Elite and Liedao and their respective subsidiaries, the Contractual Arrangements as mentioned above enable our Company to exercise control over TD Elite and Liedao and their respective subsidiaries.

Under the Exclusive Business Cooperation Agreements entered into by and between Tiancai Youdao and each of TD Elite and Liedao, it was agreed that, in consideration of the services provided by Tiancai Youdao, each of TD Elite and Liedao will pay service fees to Tiancai Youdao. The service fees, subject to Tiancai Youdao's adjustment, are equal to all of the net profit of each of TD Elite and Liedao and their respective subsidiaries and may also include retained earnings of each of TD Elite and Liedao from previous financial periods. Tiancai Youdao may adjust the service fees at its sole discretion and allow each of TD Elite and Liedao to retain sufficient working capital to carry out any growth plans. Each of TD Elite and Liedao shall deliver to Tiancai Youdao their respective management accounts and operating statistics periodically. Accordingly, Tiancai Youdao has the ability, at its sole discretion, to extract substantially all of the economic benefit of each of TD Elite and Liedao and their respective subsidiaries through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Option Agreements among the parties, Tiancai Youdao has absolute control over the distribution of dividends or any other amounts to the shareholders of each of TD Elite and Liedao and their respective subsidiaries as Tiancai Youdao's prior written consent is required and Tiancai Youdao can request for immediate distribution of profits to be made.

Further, under the Powers of Attorney, Tiancai Youdao assumes all rights as shareholder and exercises control over each of TD Elite and Liedao and their respective subsidiaries, including the right to propose, convene and attend shareholders' meetings, the right to sell, transfer, pledge or dispose of shares, the right to exercise shareholders' voting rights and to appoint the legal representative (chairperson), the director, supervisor, the chief executive officer (general manager) and other senior management members of each of TD Elite and Liedao. As a result of these agreements, we have obtained control of each of TD Elite and Liedao and their respective subsidiaries through Tiancai Youdao and, under our sole discretion, can receive substantially all of the economic interest returns generated by each of TD Elite and Liedao and their respective subsidiaries. Accordingly, each of TD Elite and Liedao and their respective subsidiaries results of operations, assets and liabilities, and cash flows are consolidated into our financial statements.

In this regard, our reporting accountants, KPMG, have issued an unqualified opinion on our Group's combined financial information for the years ended December 31, 2015, 2016 and 2017, as included in the Accountants' Report in Appendix I to this Prospectus which include the financial results of each of TD Elite and Liedao being consolidated into our Group's financial information as if they were our Group's subsidiaries.

REGULATIONS

REGULATIONS RELATING TO TALENT INTERMEDIARY SERVICES

Talent intermediary services agencies including our Group in China are mainly regulated by the PRC Ministry of Human Resources and Social Security. The principal regulation applicable to Talent intermediary services agencies is the Provisions on Talent Market Administration (《人才市場管理規定》), jointly promulgated by the PRC Ministry of Personnel and the PRC State Administration for Industry and Commerce on September 11, 2001 and latest amended on April 30, 2015 by MOHRSS. Under this regulation, any entity providing talent intermediary services in China must obtain a human resource services license from the Local Administration of Human Resources and Social Security. We have obtained such human resource services license which remains in full force and effect.

And based on the Interim Administrative Provisions for Sino-Foreign Equity Joint Venture Talent Intermediary Service Agencies (《中外合資人才中介機構管理暫行規定》), which was latest amended by MOHRSS on April 30, 2015, in the case of foreign investors engaged in talent intermediary services or other related services intending to launch talent intermediary services agencies in the PRC, they are required to set up joint ventures with Chinese talent intermediary service agencies, and obtain HR Service Licenses from the competent authorities for human resources in the province, autonomous region and/or municipality where the joint ventures are established. Pursuant to this regulation, domestic investors shall hold a majority of the equity interests in the relevant Sino-foreign joint venture.

Furthermore, according to the Opinions of the Municipal Government of Beijing on Accelerating the Development of the Human Resources Service Industry (《北京市人民政府關於加快發展人力資源服務業的意見》) promulgated by the municipal government of Beijing (北京市人民政府) on September 29, 2014, a foreign investor shall hold no more than 70% of the equity interests in the Sino-foreign joint venture it establishes with Chinese talent intermediary service agency in the Zhongguancun Science Park (中關村國家自主創新示範區).

In addition, according to the Provisions on Talent Market Administration, as a talent intermediary service agency, we are prohibited from providing fake information, making false promises and publishing fake recruitment advertisement. According to the Contract Law, (an intermediation contract) is defined as a contract whereby an intermediary presents to its client an opportunity for entering into a contract or provides the client with other intermediary services in connection with the conclusion of a contract, and the client pays the intermediary service fees. Pursuant to the Contract Law, an intermediary must provide authentic information relating to the proposed contract. If an intermediary intentionally conceals any material fact or provides false information in connection with the performance of the proposed contract, which results in harm to the client's interests, the intermediary may not claim service fees and is liable for the damages caused. Our business of connecting individual users with business customers on our online platform constitutes an intermediary service, and our contracts with business customers are intermediation contracts under the PRC Contract Law.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Restrictions on Foreign Investment

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “Telecommunications Regulations”), promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations require telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry of the PRC (the “MII”, which is the predecessor of MIIT) and last amended by MIIT on December 28, 2015, information services provided via fixed network, mobile network and Internet fall within value-added telecommunications services.

REGULATIONS

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2016) (《外商投資電信企業管理規定》(2016年修訂)), promulgated by the State Council on December 11, 2001 and last amended on February 6, 2016. According to which, the ultimate foreign equity ownership in a value-added telecommunications services provider shall not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce business) which may be 100% owned by foreign investors. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunications business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunications business overseas. Foreign investors that meet these requirements must obtain approvals from the MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals. Furthermore, with respect to a foreign-invested company which has obtained the above mentioned approval and got the relevant license, in the event of change of its foreign shareholders, the company shall re-file an application with the relevant government authority that issued the original license, subject to substantive examination and discretion of the competent authority.

In July 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the “**MII Notice**”), pursuant to which, domestic telecommunications enterprises were prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

Investment activities in the PRC by foreign investors are mainly governed by the Guidance Catalog of Industries for Foreign Investment (revised in 2017) (《外商投資產業指導目錄(2017年修訂)》)(the “**Catalog**”), which was promulgated jointly by the MOFCOM and the NDRC on June 28, 2017 and became effective on July 28, 2017. Such Catalog also imposes 50% restrictions on foreign ownership in value-added telecommunications business except for operating e-commerce business.

REGULATIONS RELATING TO THE PROVISION OF INTERNET CONTENT SERVICES

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services. The Internet Measures classified Internet information services into commercial Internet information services and non-commercial Internet information services and a commercial operator of Internet content provision services must obtain a value-added telecommunications business operating license (the “**ICP License**”) for the provision of Internet information services from the appropriate telecommunications authorities.

According to the Internet Measures, violators may be subject to penalties, including criminal sanctions, for providing Internet content that: opposes the fundamental principles stated in the PRC Constitution; compromises national security, divulges national secrets, subverts national power or damages national unity; harms national dignity or interest; incites ethnic hatred or racial discrimination or damages inter-ethnic unity; undermines the PRC’s religious policy or propagates superstition; disseminates rumors, disturbs social order or disrupts social stability; disseminates obscenity or pornography, encourages gambling, violence, murder or fear or incites the commission of a crime; insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or is otherwise prohibited by law or administrative regulations. An Internet information service provider may not post or disseminate any content that falls within prohibited categories and must stop providing any such content on their websites. The PRC government may order ICP License holders that violate any of the above-mentioned content restrictions to correct those violations and revoke their ICP Licenses under serious conditions.

REGULATIONS

In addition to the Telecommunications Regulations and other regulations above, mobile Internet applications (the “APPs”) and the Internet application store (the “APP Store”) are specially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the “APP Provisions”), which was promulgated by the Cyberspace Administration of China (the “CAC”) on June 28, 2016 and became effective on August 1, 2016. The APP Provisions regulate the APP information service providers and the APP Store service providers and the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local APP information respectively.

The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including real-name system, protection of users’ information, examination and management of information content, etc.

REGULATIONS RELATING TO INFORMATION SECURITY AND CENSORSHIP

Internet content in China is regulated and restricted from a state security standpoint. The Standing Committee of the PRC National People’s Congress (the “SCNPC”) enacted the Decisions on the Maintenance of Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, which was amended on August 27, 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information or (v) infringe upon intellectual property rights. In 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which were amended by the State Council on January 8, 2011 and prohibit using the Internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The Ministry of Public Security has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an ICP License holder violates these measures, the PRC government may revoke its ICP License and shut down its websites.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the People’s Republic of China (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks including us shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC. Their purchase of network products and services that may affect national security shall be subject to national cybersecurity review. On May 2, 2017, the CAC issued a trial version of the Measures for the Security Review of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法(試行)》), which took effect on June 1, 2017, to provide for more detailed rules regarding cybersecurity review requirements.

REGULATIONS RELATING TO PRIVACY PROTECTION

On December 13, 2005, the Ministry of Public Security issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) (the “Internet Protection Measures”) which took effect on March 1, 2006. The Internet Protection Measures require Internet service providers including us to take proper measures including anti-virus, data back-up and other related measures, and to keep records of

REGULATIONS

certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records.

Internet services providers including us are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. They are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences. See "Risk Factors — Risks Relating to Our Business and Industry — Concerns about our collection, disclosure, security and use of personal data and other privacy-related matters could damage our reputation and deter our users from using our services" and "Business — R&D, Technology and Data Capabilities — Our Data Capability and Data Privacy."

In December 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the Internet. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user. Telecommunication business operators and Internet service providers are required to constitute their own rules for the collecting and use of users' information and they cannot collect or use of user's information without users' consent. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which became effective on March 15, 2012. The Provisions stipulate that without the consent of users, Internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "personal information of users"), nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also requires that Internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, Internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the Internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments. Failure to comply with such requirements may result in a fine between RMB10,000 and RMB30,000 and an announcement to the public. According to the Cyber Security Law of the People's Republic of China, network operator shall not collect personal information irrelevant to the services it provides or collect or use personal information in violation of the provisions of laws or agreements between both parties.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Interpretations**"), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), including "citizen's personal

REGULATIONS

information”, “provision”, and “unlawful acquisition”. Also, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

REGULATIONS RELATING TO ADVERTISEMENT

The Advertisement Law (《中華人民共和國廣告法》), which was last amended on April 24, 2015, requires advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations and the content of the advertisement shall not contain the prohibited information including but not limited to i) information harm the dignity or interests of the State or divulge the secrets of the State, ii) information contain wordings such as “national level”, “highest level” and “best”, iii) information contain ethnic, racial, religious, sexual discrimination. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Without prior consent or request, the advertisers, advertising operators and advertising distributors shall not deliver advertisement to any person’s accommodation or transportation. If the advertisers, advertising operators and advertising distributors display any pop-up advertisement, they shall show the close button clearly to make sure that the viewers can close the advertisement upon one-click. Violations of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. For serious violations, the SAIC or its local branches may order the violator to terminate its advertising operations or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties.

On July 4, 2016, the SAIC promulgated the Interim Measures on Internet Advertisement (《互聯網廣告管理暫行辦法》) (the “**Internet Advertisement Measures**”) and the Internet Advertisement Measures became effective on September 1, 2016. The Internet Advertisement Measures regulates any advertisement published on the Internet, including but not limited to, through websites, webpage and APPs, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors. According to the Internet Advertisement Measures, Internet information service providers must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements even though the Internet information service provider merely provides information services and is not involved in the Internet advertisement businesses.

In addition, according to the Provisions on Talent Market Administration, the Talent Intermediary Services agencies are prohibited from publishing fake recruitment advertisement and violations would lead to penalties under the Advertisement Law, which includes fines, prohibition from advertising for a period of time or revocation of business licenses. See “Risk Factors — Risks Relating to Our Business and Industry — The integrity and reliability of our platform and services largely relies upon our ability to verify information relating to business customers and to detect fraud and fake information. If we fail to perform such obligations or meet the requirements of relevant laws and regulations, we may be subject to liabilities.”

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

The Copyright Law

The Copyright Law of the PRC (Revised in 2010) (《中華人民共和國著作權法》(2010年修訂)) (the “**Copyright Law**”) provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the “**Software Copyright Measures**”), promulgated by the National Copyright Administration on February 20, 2002, regulate

REGULATIONS

registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China (the “CPCC”), is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conforms to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013) (《計算機軟件保護條例》(2013年修訂)).

Provisions of the Supreme People’s Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害資訊網路傳播權民事糾紛案件適用法律若干問題的規定》) (No.20 FS [2012]) which issued by the Supreme People’s Court on December 17, 2012 and came into effect on January 1, 2013, provide that web players or web service providers who create works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

The Patent Law

According to the Patent Law of the PRC (Revised in 2008) (《中華人民共和國專利法》(2008年修訂)) promulgated by the SCNPC, and its Implementation Rules (Revised in 2010) (《中華人民共和國專利法實施細則》(2010年修訂)) promulgated by the State Council, the State Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, “invention”, “utility model” and “design”. Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

The Trademark Law

Trademarks are protected by the Trademark Law of the PRC (Revised in 2013) (《中華人民共和國商標法》(2013年修訂)) which was last amended on August 30, 2013 respectively as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council on August 3, 2002 (Revised in 2014) (《中華人民共和國商標法實施條例》(2014年修訂)). In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the State Administration of Industry and Commerce (the “SAIC”) handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within six months prior to the expiration of the term. As with trademarks, the PRC Trademark Law has adopted a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

REGULATIONS

Domain Names

Under the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT as of August 24, 2017 and effective as of November 1, 2017, and the Implementing Rules on Registration of Domain Names (《中國互聯網絡信息中心域名註冊實施細則》) issued by China Internet Network Information Center on May 28, 2012, which became effective on May 29, 2012. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

According to the Domain Name Measures and Implementing Rules, domain name owners are required to register their domain names and the MII is in charge of the administration of PRC Internet domain names. The domain name services follow a “first come, first file” principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

REGULATIONS RELATING TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》), last amended on August 5, 2008, and various regulations issued by the State Administration of Foreign Exchange (the “SAFE”) and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office. Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant rules and regulations of the PRC.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the “SAFE Notice No. 59”) promulgated by SAFE and last amended on May 4, 2015, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment, for domestic transfer of the foreign exchange under direct investment. SAFE Notice No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities and the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire the equities and foreign exchange registration formalities required for the foreign investors to acquire the equities of Chinese party, and further improve the administration on exchange settlement of foreign exchange capital of foreign invested entities.

On February 13, 2015, SAFE promulgated the Notice on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “SAFE Notice No. 13”) effective from June 1, 2015, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, it simplifies the procedure of registration of foreign exchange and investors shall register with banks to have the registration of foreign exchange under the condition of direct domestic investment and direct overseas investment.

REGULATIONS

The Notice of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Notice No. 19”) was promulgated on March 30, 2015 and became effective on June 1, 2015. According to the SAFE Notice No. 19, a foreign-invested enterprise may, in response to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding Account for Foreign Exchange Settlement Pending Payment with the foreign exchange bureau (bank) at the place of registration. The Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Notice No. 16”) was promulgated and became effective on June 9, 2016. According to the SAFE Notice No. 16, enterprises registered in PRC may also convert their foreign debts from foreign currency into Renminbi on self-discretionary basis. The SAFE Notice No. 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Notice No. 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within the PRC unless otherwise specifically provided. Besides, the converted Renminbi shall not be used to make loans for related enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise own use with the exception for the real estate enterprise.

In January 2017, SAFE issued SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局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》), or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years’ losses before remitting profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Foreign Exchange Registration of Overseas Investment by PRC Residents

In July 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies (《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》), or Circular 37, which replaced the former circular commonly known as Circular 75 promulgated by SAFE in October 2005. Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a “special purpose vehicle.” Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle

REGULATIONS

may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

In February 2015, SAFE released the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to 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》), or Circular 13, which has amended Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

Regulations Relating to Stock Incentive Plans

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “**Stock Option Rules**”), individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year, subject to a few exceptions are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents’ exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, pursuant to Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies.

Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (《國家稅務總局關於股權激勵有關個人所得稅問題的通知》) promulgated by the State Administration of Tax (the “**SAT**”) and effective from August 24, 2009, listed companies and their domestic organizations shall, according to the individual income tax calculation methods for “wage and salary income” and stock option income, lawfully withhold and pay individual income tax on such income.

Regulations Relating to Dividend Distribution

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in the PRC include the Company Law of the PRC (《中華人民共和國公司法》) last amended in 2013, the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》) last amended in 2016 and the Implementation Rules of the Foreign Invested Enterprise Law (《外資企業法實施細則》) promulgated in 1990 and last amended in 2014, the Equity Joint Venture Law of the PRC (《中華人民共和國中外合資經營企業法》) last amended in 2016 and its implementation regulations promulgated in 1983 and last amended in 2014, and the Cooperative Joint Venture Law of the PRC (《中華人民共和國中外合作經營企業法》) last amended in 2017 and its implementation regulations last amended in 2017. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set

REGULATIONS

aside as general reserves (法定公積金) at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided. These reserve funds may not be distributed as cash dividends. A wholly foreign-owned enterprise may allocate a portion of its after-tax profits to its employee welfare and bonus funds at its discretion. Profit of a wholly foreign-owned enterprise shall not be distributed before the losses thereof for the previous accounting years have been made up. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATING TO COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

Under the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) last amended in 2016, and the Detailed Implementing Rules for the Wholly Foreign-Owned Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法實施細則》) last amended on February 19, 2014, an application for establishing a wholly foreign-owned enterprise shall be subject to examination and approval by the Ministry of Foreign Trade and Economic Cooperation of the PRC (“MOFTEC”, currently known as the MOFCOM) before the approval certificate is issued. Within 90 days of the date of receipt of an application, the examination and approval authority shall decide whether or not to grant the approval. After application for the establishment of a wholly foreign-owned enterprise is approved by the Examination and Approval Authority, the foreign investors shall, within 30 days of the date of receipt of the approval certificate, submit registration to, and collect the business license from the administrative authority for industry and commerce.

Under the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) last amended in 2016, and the Regulations for the Implementation of the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法實施條例》), last amended on February 19, 2014, the proportion of investment contributed by a foreign investor as its share of the registered capital of an equity joint venture shall in general be no less than 25%. An application for establishing a Sino-Foreign Equity Joint Venture shall be subject to examination and approval by the Ministry of Foreign Trade and Economic Cooperation of the PRC (“MOFTEC”, currently known as the MOFCOM) before the approval certificate is issued. Within 3 months of the date of receipt of an application, the examination and approval authority shall decide whether or not to grant the approval. After application for the establishment of a Sino-Foreign Equity Joint Venture is approved by the Examination and Approval Authority, the foreign investors shall, within 1 month of the date of receipt of the approval certificate, submit registration to, and collect the business license from the administrative authority for industry and commerce. On September 3, 2016, the Decision of the Standing Committee of the National People's Congress on Revising Four Laws including the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定》) (the “**Decision on Revision of Four Laws**”) was promulgated and became effective on October 1, 2016. The Interim Measures for the Administration of Establishment and Change Filings of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (the “**Filings Measures**”) was published by MOFCOM and last amended on July 30, 2017. The Decision on Revision of Four Laws and the Filings Measures revised relevant administrative approval provisions of the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》), the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) and the Law of the People's Republic of China on the Protection of the Investments of Taiwan Compatriots (《中華人民共和國臺灣同胞投資保護法》) and the relevant formality regime for the incorporation and change of foreign-invested enterprises, whereby if the incorporation or change of foreign-invested enterprises and enterprises funded by Taiwan compatriots does not involve special access administrative measures prescribed by the PRC government (the “**Negative List**”), the examination and approval process is now being replaced by the record-filing administration process. According to the Filings Measures, where the incorporation of foreign-invested enterprises do not fall within the Negative List, such enterprises shall go through the record-filing procedures after obtaining the prior approval of the enterprise name and prior to the issuance of a business license, or within 30 days after the issuance of a business license. Within the record-filing scope of the Filings Measures, in the case of a change of basic information of the foreign-invested enterprises or

REGULATIONS

their investors, a change of equity (shares) or cooperation interest of the foreign-invested enterprises, merger, division or dissolution, mortgage or transfer of foreign-invested enterprises' property or rights and interests to others and other matters, the foreign-invested enterprises shall file the relevant documents online within 30 days upon occurrence of such changes via the comprehensive administrative system. On October 8, 2016, the announcement of the NDRC and the MOFCOM [2016] No. 22 (中華人民共和國國家發展和改革委員會、中華人民共和國商務部公告2016年第22號) was published and specified that the Negative List shall be in line with the Catalog. On July 30, 2017, the MOFCOM amended the Filings Measures, which took effective on the same date. According to the amended Filings Measures, a record-filing administration process shall apply in the event that foreign investors (i) merge and acquire non-foreign-invested enterprises within PRC, and (ii) undertake strategic investment into domestic listed companies, provided that it does not involve special access administrative measures or merge and acquisition with related party.

REGULATIONS RELATING TO M&A AND OVERSEAS LISTING

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the China Securities Regulatory Commission (the “CSRC”), promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. Foreign investors should comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WARFARE

The Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “Labor Contract Law”), which was implemented on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. According to the Labor Contract Law: (i) employees must adhere to regulations in the labor contracts concerning commercial confidentiality and non-competition; (ii) employees may terminate their employment contracts with their employers if their employers fail to make social insurance contributions in accordance with the law etc..

According to the Labor Law of the PRC (《中華人民共和國勞動法》) last amended on August 27, 2009, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) last amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦

REGULATIONS

法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on July 1, 2011 and the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) implemented on January 22, 1999, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) last amended in 2002, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

On March 16, 2007, the National People's Congress promulgated the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) which was last amended on February 24, 2017, and on December 6, 2007, the State Council enacted The Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) (collectively, the "EIT Law"). The EIT Law came into effect on January 1, 2008. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed a permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the permanent establishment or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC 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》) promulgated by the SAT and last amended on December 29, 2017 sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC.

The EIT Law provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises", and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax may be reduced pursuant to a tax treaty between China and the jurisdictions in which our non-PRC shareholders reside. Pursuant to an

REGULATIONS

Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Tax 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 “**Double Tax Avoidance Arrangement**”), and other applicable PRC laws, if a Hong Kong resident enterprise satisfies relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the “**Notice No. 81**”) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties (《關於如何理解和認定稅收協定中“受益所有人”的通知》), which was issued on October 27, 2009 by the SAT, and the Announcement on the Recognition of Beneficial Owners in Tax Treaties (《關於認定稅收協定中“受益所有人”的公告》), which was issued on June 29, 2012 by the SAT, and the Announcement on Issues Relating to “Beneficial Owner” in Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》), which was promulgated on February 3, 2018 and will be effective on April 1, 2018, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus will not be entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

According to the EIT Law, the EIT tax rate of a “High and New Technology Enterprise” is 15%. Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》), effected on January 1, 2008 and amended on January 29, 2016, the certificate of a “High and New Technology Enterprise” is valid for three years. An enterprise shall, after being accredited as a high-tech enterprise, fill out and submit the statements on annual conditions concerning the intellectual property rights, scientific and technical personnel, expenses on research and development and operating income for the previous year on the “website for the administration of accreditation of high-tech enterprises”. Besides, when any high-tech enterprise has changed its name or has undergone any major change concerning the accreditation conditions (such as a division, merger, reorganization or change of business), it shall report the change to the accreditation institution within three months upon occurrence of the change. If the high-tech enterprise is qualified upon review by the accreditation institution, it continues to have the qualification as a high-tech enterprise, and in case of change in the name, a new accreditation certificate will be issued with the number and term of validity remaining the same as the previous certificate; otherwise, the qualification as a high-tech enterprise shall be canceled as of the year of change in the name or in the change of any other condition.

Value-added Tax and Business Tax

The Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) was promulgated by the State Council and last amended on November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則》(2011年修訂)) was promulgated by the Ministry of Finance and the SAT and last amended on October 28, 2011 and came into effect on November 1, 2011 (collectively, the “VAT Law”). According to the VAT Law, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC must pay value-added tax. For general VAT taxpayers selling or importing goods other than those specifically listed in the VAT Law, the value-added tax rate is 17%.

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例》), last amended on November 10, 2008, and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the List of Items and Rates of Business Tax (《營業稅稅目稅率表》) attached to the regulation. On November 19, 2017, the State Council issued the Decision of the State Council on Repealing the “Provisional Regulations of the PRC on

REGULATIONS

Business Tax” and Revising the “Provisional Regulations of the PRC on Value-added Tax” (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) and repealed the Provisional Regulations of the PRC on Business Tax.

Since January 1, 2012, the Ministry of Finance (the “MOF”) and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業稅改徵增值稅試點方案》) (the “VAT Pilot Plan”), which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions and eventually expanded to nation-wide application in 2013. According to the implementation circulars released by the MOF and the SAT on the VAT Pilot Program, the “modern service industries” include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) which became effective on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value-added tax instead of business tax.

Dividend Withholding Tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors (or 20% in the case of non-PRC individual investors) who do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice No. 81, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on How to Interpret and Recognize the “Beneficial Owner” in Tax Treaties (《關於如何理解和認定稅收協定中“受益所有人”的通知》), issued on October 27, 2009 by the SAT, and the Announcement on the Recognition of Beneficial Owners in Tax Treaties (《關於認定稅收協定中“受益所有人”的公告》), which was issued on June 29, 2012 by the SAT, and the Announcement on Issues Relating to “Beneficial Owner” in Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》), which was promulgated on February 3, 2018 and will be effective on April 1, 2018, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

DRAFT FOREIGN INVESTMENT LAW

In January 2015, MOFCOM published the Draft Foreign Investment Law (《外國投資法(草案征求意见稿)》) (the “**Draft Foreign Investment Law**”) soliciting the public’s comments. Among other things, the Draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign-invested enterprise. “Control” is broadly defined in the Draft Foreign Investment Law to cover the following summarized categories: (i) holding directly or indirectly 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity; (ii) holding directly or indirectly less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity, but (a) having the power to directly or indirectly appoint 50% or more of the members of the board of directors or other equivalent decision-making bodies of the subject entity; (b) having the

REGULATIONS

power to secure its nominated persons to acquire 50% or more of the seats on the board of directors or other equivalent decision-making bodies of the subject entity; or (c) having the voting power to exert material influence over decision-making bodies, such as the shareholders' meeting or the board of directors of the subject entity; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial, staffing and technology matters or other key aspects of business operations. The Draft Foreign Investment Law specifically provides that entities established in China, but ultimately "controlled" by foreign investors, will be treated as foreign-invested enterprises. If a foreign-invested enterprise proposes to conduct business in an industry subject to foreign investment restrictions, the foreign-invested enterprise must go through a market entry clearance by MOFCOM before being established.

According to the Draft Foreign Investment Law, variable interest entities would also be deemed as foreign-invested enterprises if they are ultimately "controlled" by foreign investors, and accordingly would be subject to restrictions on foreign investments. However, the Draft Foreign Investment Law does not address what actions will be taken with respect to the existing companies with a VIE structure. As of the date hereof, it is uncertain when the Draft Foreign Investment Law will become a law, to what extent the final version will differ from the Draft Foreign Investment Law and the potential impact on companies employing a VIE structure in the PRC. When the Draft Foreign Investment Law becomes effective, the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations, will be abolished.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, May Flower held an aggregate of approximately 24.91% of our issued Shares. May Flower is wholly-owned by Mr. Dai, who is also deemed to be indirectly interested in approximately 8.04% of our total issued share capital by virtue of his controlling interest in Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership) (三啟未來(天津)企業管理合夥企業(有限合夥)), for details, please refer to the section headed “Substantial Shareholders” of this Prospectus. Immediately after the completion of the Global Offering (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), May Flower will be interested in and will control, through the Voting Agreements with Matrix Partners China I, Matrix Partners China I-A, L.P., Giant Lilly, Tenzing Holdings 2011 Ltd., Xiaoying Information Technology Co., Limited and Wisest Holding Co., Limited an aggregate of approximately 52.03% of our enlarged issued share capital and will remain as our Controlling Shareholder. Accordingly, May Flower and Mr. Dai are our Controlling Shareholders and will control an aggregate of approximately 58.64% of the voting rights of our issued Shares upon completion of the Global Offering (regardless of whether the Over-allotment Option is exercised and assuming the options granted under the Pre-IPO Share Option Scheme are not exercised).

May Flower is an investment holding company incorporated in the British Virgin Islands and has no business operations except owning the Shares in our Company. Mr. Dai is the principal founder of our Group and has had effective control of our overall management since the establishment of our Group. Mr. Dai, being our Chairman, executive Director and Chief Executive Officer, is primarily responsible for the overall strategic planning, business direction and product development of our Group.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently of our Controlling Shareholders after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management” in this Prospectus.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Company in respect of such transactions. In addition, the interested Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates (as defined in the Articles) is materially interested in except for certain circumstances as set out in the Articles. For details, see the section headed “Summary of the Constitution of the Company and Cayman Companies Law” in Appendix III; and

- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see “- Corporate Governance Measures” in this section below for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We operate independently of our Controlling Shareholders. Our Company (through our subsidiaries and our PRC Operating Entities) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business of operating a technology and data-driven platform that connects registered job candidates, business users and headhunters and other recruiting services providers. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

In addition, pursuant to the Contractual Arrangements, our Directors are authorized to exercise all of the rights of the Relevant Shareholders. Our Group is entitled to enjoy all the economic benefits of the Consolidated Affiliated Entities and to exercise management control over the operations of the Consolidated Affiliated Entities. Pursuant to the Exclusive Option Agreement, Tiancai Youdao (or any subsidiary within our Group) have been granted an irrevocable and exclusive right to purchase from the Relevant Shareholders 30% of the equity interest in and/or assets of Wisest and all the equity interests in and/or assets of each of TD Elite and Liedao, respectively for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. In addition, pursuant to the Exclusive Business Cooperation Agreement, Tiancai Youdao has the exclusive and proprietary rights to all intellectual properties developed by the Consolidated Affiliated Entities and their respective subsidiaries, given that Tiancai Youdao provides consultation services to each of the Consolidated Affiliated Entities.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

Our Group has an independent financial reporting system and makes financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. More importantly, we have been and are capable of obtaining equity and debt financing from third parties.

There are no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates as of the Latest Practicable Date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Based on the above, our Directors are of the view that our Directors and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders after the Listing.

COMPETITION ISSUE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company, its subsidiaries and the PRC Operating Entities, our Controlling Shareholders and Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interest. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of his associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "Annual Review") and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (g) we have appointed Guotai Junan Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

CONNECTED TRANSACTIONS

We have entered into certain agreements with parties that will be our connected persons (as defined under Chapter 14A of the Listing Rules). Following the Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

Following the Listing, the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Group:

<u>Name</u>	<u>Connected Relationship</u>
Mr. Dai	an executive Director, substantial shareholder and Controlling Shareholder of our Company
associates of Mr. Dai	associates of Mr. Dai as defined under Rule 14A.07(4) of the Listing Rules
Mr. Chen	an executive Director of our Company
Giant Lilly	a substantial shareholder of our Company
Matrix Partners I Hong Kong Limited	associate of Matrix Partners China I, a substantial shareholder of our Company

CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions of our Group which are subject to reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Contractual Arrangements

Background for the Contractual Arrangements

Our Group operates a technology and data-driven platform that connects registered job seekers, business users and headhunters and other service providers in the PRC. We conduct a substantial part of our business through our PRC Operating Entities under a series of Contractual Arrangements entered into between Tiancai Youdao, each of Wisest, TD Elite and Liedao and their respective Relevant Shareholders. Through these Contractual Arrangements, we exercise effective control over the operations of each of Wisest, TD Elite and Liedao. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits from our PRC Operating Entities in consideration for the services provided by Tiancai Youdao to the PRC Operating Entities; (ii) exercise effective control over our PRC Operating Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in PRC Operating Entities when and to the extent permitted by PRC laws. Please refer to the section headed "Contractual Arrangements" in this Prospectus for details. The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company and are subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Principal Terms of the Transactions

The Contractual Arrangements comprise the following agreements: Exclusive Business Cooperation Agreements, Powers of Attorney, Exclusive Option Agreements and Share Pledge Agreements and a spousal

CONNECTED TRANSACTIONS

undertaking by the respective spouse of each of Mr. Dai and Mr. Chen. Details of the continuing connected transactions (i.e. the transactions contemplated under the said agreements which constitute the Contractual Arrangements) entered into between the relevant connected persons and our Group are set out in the section headed “Contractual Arrangements” in this Prospectus.

Listing Rules Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Reasons for the Waiver Application and the View of Our Directors on the Continuing Connected Transactions

Our Directors, including our independent non-executive directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group’s legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group’s business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole.

Our Directors also believe that our Group’s structure, whereby the financial results of the PRC Operating Entities are consolidated into our Group’s financial statements as if they were our Group’s wholly-owned subsidiaries, and all the economic benefits of their business flows to our Group, places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

In addition, given the Contractual Arrangements were entered into prior to the Listing and are disclosed in this Prospectus, and potential investors of our Company will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent Shareholders’ approval requirements in respect thereof immediately after Listing would add unnecessary administrative costs to our Company.

To ensure sound and effective operation of our Group after the adoption of the Contractual Arrangements, the management of our Group plans to take the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Contractual Arrangements will be reviewed by the Board on a regular basis which will be no less frequent than on a quarterly basis. The Board will determine, as part of its periodic review process, whether legal advisors and/or other professionals will need to be retained to assist our Group to deal with specific issues arising from the Contractual Arrangements;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities, if any, will be discussed by the Board on a regular basis which will be no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of our Group will report regularly, which will be no less frequent than on a monthly basis, to the senior management of our Company on the compliance and performance conditions under the Contractual Arrangements and other related matters; and

CONNECTED TRANSACTIONS

- (d) our Company shall comply with the conditions prescribed under the waiver granted by the Stock Exchange in connection with the continuing connected transactions contemplated under the Contractual Arrangements.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In view of the above, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted, a waiver from (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to Tiancai Youdao under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

- (a) *No Change without Independent Non-executive Directors' Approval* — No change to the Contractual Arrangements (including with respect to any fees payable to Tiancai Youdao thereunder) will be made without the approval of the independent non-executive Directors.
- (b) *No Change without Independent Shareholders' Approval* — Save as described in “— Renewal and Reproduction” below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in “- Renewal and Reproduction” below) will however continue to be applicable.
- (c) *Economic Benefits Flexibility* — The Contractual Arrangements shall continue to enable our Group to receive the entire economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of (A) 30% of the equity interests in Wisest and (B) the entire equity interests in each of TD Elite and Liedao for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the entire profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the Tiancai Youdao by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreements, and (iii) our Group's right to control the management and operation of, as well as, in substance, (A) 30% of the voting rights of Wisest and (B) all of the voting rights of TD Elite and Liedao.
- (d) *Renewal and Reproduction* — On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and, or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

CONNECTED TRANSACTIONS

- (e) *Ongoing Reporting and Approvals*: our Group will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:
- (i) The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
 - (ii) Our Independent Non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by the PRC Operating Entities has been substantially retained by Tiancai Youdao; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and any new contracts entered into, renewed or reproduced between our Group and each of the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Company and the Shareholders as a whole.
 - (iii) Our Company's auditors will carry out procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange, at least ten Business Days before our Company bulk prints its annual report, reporting their findings whether that the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by each of the Consolidated Affiliated Entities to the holders of their respective equity interests which are not otherwise subsequently assigned/transferred to our Group.
 - (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the PRC Operating Entities will be treated as our Company's wholly-owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the PRC Operating Entities (excluding for this purpose the PRC Operating Entities) and their respective associates will be treated as our Company's "connected persons". As such, transactions between these connected persons and our Group (including for this purpose the PRC Operating Entities) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.
 - (v) Each of the Consolidated Affiliated Entities undertakes that, for so long as the Shares are listed on the Stock Exchange, they will provide our Group's management and our Company's auditors with full access to its relevant records for the purpose of procedures to be carried out by our Company's auditors' on the connected transactions.

JOINT SPONSORS' AND DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in this section have been entered into and are conducted: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) are fair and reasonable and in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

Based on the relevant documents and information provided by our Group and reviewed by the Joint Sponsors, the necessary representations and confirmations provided by our Company and the Directors to the Joint Sponsors and the Joint Sponsors' participation in the due diligence and discussions with the management of our Company and the PRC Legal Advisor, the Joint Sponsors are of the view that the Contractual Arrangements are fundamental to our Group's legal structure and business operations.

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described above, and for which the waivers have been sought, have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

With respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, the Joint Sponsors are of the view that it is justifiable and normal business practice to ensure that (i) the financials and operation of the PRC Operating Entities can be effectively controlled by Tiancai Youdao, (ii) Tiancai Youdao can obtain the economic benefits derived from the PRC Operating Entities, and (iii) any possible leakage of assets and values of the PRC Operating Entities can be prevented, on an uninterrupted basis.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our executive Directors, non-executive Directors and independent non-executive Directors will be subject to rotation and re-election at the annual general meetings of our Company in accordance with the Articles of Association.

The following table sets out information in respect of the Directors of our Company:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Mr. Dai Kebin (戴科彬)	37	Executive Director Chairman and Chief Executive Officer	Overall strategic planning and business direction of our Group and management of our Company, Chairman of the Nomination Committee	March 2008	January 30, 2018
Mr. Chen Xingmao (陳興茂)	41	Executive Director and Chief Technology Officer	Overseeing product research and development, and developing strategies for technological advancement	November 2006	March 23, 2018
Ms. Xu Lili (徐黎黎)	36	Executive Director and Chief Financial Officer	Overseeing the corporate finance of our Group, handling investor relationships, and overseeing all investments and acquisitions of our Group	March 2014	March 23, 2018
Mr. Shao Yibo (邵亦波)	44	Non-executive Director	Providing professional advice to the Board	December 2010	March 23, 2018
Mr. Zuo Lingye (左凌燁)	39	Non-executive Director	Providing professional advice to the Board, member of the Audit Committee	December 2010	March 23, 2018
Mr. Ding Gordon Yi (丁毅)	42	Non-executive Director	Providing professional advice to the Board, member of the Remuneration Committee	December 2014	March 23, 2018
Mr. Ye Yaming (葉亞明)	54	Independent Non-executive Director	Providing independent opinion and judgment to the Board, member of the Audit Committee, member of the Nomination Committee	June 2018	June 9, 2018
Mr. Zhang Ximeng (張溪夢)	41	Independent Non-executive Director	Providing independent opinion and judgment to the Board, Chairman of the Remuneration Committee, member of the Nomination Committee	June 2018	June 9, 2018
Mr. Choi Onward (蔡安活)	47	Independent Non-executive Director	Providing independent opinion and judgment to the Board, Chairman of the Audit Committee, member of the Remuneration Committee	June 2018	June 9, 2018

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Dai Kebin (戴科彬), aged 37, is our executive Director, the Chairman of the Board and the Chief Executive Officer. Mr. Dai joined our Group in March 2008. He is responsible for the overall strategic planning and business direction of our Group and management of our Company. Prior to joining our Group, Mr. Dai worked as a brand manager in the marketing department in the Great China region of Procter & Gamble Company, a company currently listed on the New York Stock Exchange (stock symbol: PG), from July 2003 to February 2008.

Mr. Dai received a bachelor's degree in finance from Sun Yat-sen University in June 2003.

Mr. Dai currently holds directorships in the following principal subsidiaries of our Group: Wisest, TD Elite and Liedao.

Mr. Chen Xingmao (陳興茂), aged 41, is our executive Director and the Chief Technology Officer. Mr. Chen joined our Group in November 2006. He is responsible for overseeing our product research and development and developing strategies for the technological advancement of our Group. Prior to joining our Group, Mr. Chen worked at Xiamen Dongnan Longtop Technologies Limited from December 2005 to September 2006.

Mr. Chen received a bachelor's degree in marine chemistry and a master's degree in environmental science from Ocean University of China (formerly known as Ocean University of Qingdao) in July 1999 and June 2002, respectively.

Mr. Chen currently holds directorships in the following principal subsidiaries of our Group: Wisest and Liedao.

Ms. Xu Lili (徐黎黎), aged 36, is our executive Director and the Chief Financial Officer. Ms. Xu joined our Group in March 2014. She is responsible for overseeing the corporate finance of our Group, handling investor relationships, and overseeing all the investments and acquisitions of our Group. Prior to joining our Group, Ms. Xu held various positions at General Electric Company, a company currently listed on the New York Stock Exchange (stock symbol: GE), including as the chief financial officer of GE Power Generation Services China, from January 2005 to March 2014.

Ms. Xu received a bachelor's degree in international business from Nanjing University in June 2003 and a master of science degree in local economic development from the London School of Economics and Political Science in November 2004. Ms. Xu is a public accountant certified by the Board of Accountancy of Washington State of the United States.

Non-executive Directors

Mr. Shao Yibo (邵亦波), aged 44, is our non-executive Director and joined our Group in December 2010. Mr. Shao has been a founding partner of Matrix Partners China, a leading technology venture capital firm in the PRC since 2008. From 1999 to 2004, Mr. Shao was the founder and the chief executive officer of EachNet.com, an e-commerce company, which was acquired by eBay Inc., a company currently listed on the NASDAQ (stock symbol: EBAY), in July 2003. Mr. Shao currently serves as a director of LexinFintech Holdings Ltd., a company whose shares are listed on NASDAQ (stock symbol: LX).

Mr. Shao received a bachelor's degree, summa cum laude, in physics and engineering science from Harvard College of Harvard University in June 1995, and a master of business administration degree from Harvard Business School in June 1999.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Shao currently holds directorships in the following principal subsidiaries of our Group: Wisest and TD Elite.

Mr. Zuo Lingye (左凌燁), aged 39, is our non-executive Director and joined our Group in December 2010. Prior to joining our Group, Mr. Zuo has been one of the founding members of Matrix Partners China since 2008 and has over ten years of expertise of investing in technology companies. Mr. Zuo currently serves as a director in the following publicly listed companies:

- Cheetah Mobile Inc., a company whose shares are listed on the New York Stock Exchange (stock symbol: CMCM), as an independent director;
- Beijing Beisen Cloud Computing Co., Ltd. (北京北森雲計算股份有限公司), a company whose shares are quoted on the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) (stock code: 836393), as a director; and
- Beijing OneAPM Co., Ltd. (北京藍海訊通科技股份有限公司), a company whose shares are quoted on the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) (stock code: 838699), as a director.

Mr. Zuo received a bachelor's degree in management information system and master of technical economics and management degree from Tsinghua University in July 2000 and in July 2002, respectively.

Mr. Ding Gordon Yi (丁毅), aged 42, is our non-executive Director and joined our Group in December 2014. Mr. Ding is a Managing director of Warburg Pincus, which he joined in 2009 and focuses on investments in the technology, Internet, media and education sectors in the PRC and other parts of Asia. Prior to joining Warburg Pincus, Mr. Ding worked at Citadel Investment Group from 2008 to 2009 and also in the investment banking divisions of Morgan Stanley Asia Limited and UBS Investment Bank from 2005 to 2007.

Mr. Ding received a bachelor of science degree from Shanghai Jiao Tong University in July 1997 and a master of business administration degree from the Kellogg School of Management at Northwestern University, United States in June 2005.

Mr. Ding currently holds directorships in the following principal subsidiary of the Group: Wisest.

Independent Non-executive Directors

Mr. Ye Yaming (葉亞明), aged 54, is our independent non-executive Director and joined our Group in June 2018. Mr. Ye served as the former chief scientist, the chief technology officer and senior vice president of Ctrip, a company currently listed on the NASDAQ (stock symbol: CTRP) from August 2011 to February 2017. From October 2001 to July 2011, he held various positions at eBay and he served as the director of software development before leaving.

Mr. Ye received a bachelor's degree in mathematics from Jilin University in July 1984, a master of engineering degree from Institute of Computing Technology Chinese Academy of Sciences in September 1990 and a master of arts degree from Wayne State University in December 1993.

Mr. Zhang Ximeng (張溪夢), aged 41, is our independent non-executive Director and joined our Group in June 2018. Prior to joining our Group, since May 2015, Mr. Zhang has been the chief executive officer and one of the cofounders of GrowingIO, a data analytics company which provides closed-loop data operations across

DIRECTORS AND SENIOR MANAGEMENT

various industries. From April 2010 to February 2015, Mr. Zhang worked at LinkedIn Corporation, and he was senior director of business analytics before leaving.

Mr. Zhang received a master of business administration degree from Baldwin Wallace University in May 2004.

Mr. Choi Onward (蔡安活), aged 47, is our independent non-executive Director. Mr. Choi joined our Group in June 2018. Prior to joining our Group, Mr. Choi served as the acting chief financial officer of NetEase, Inc., a leading internet and online game service provider in the PRC which is currently listed on the NASDAQ (stock symbol: NTES), from July 2007 to June 2017.

Mr. Choi received a bachelor of arts degree in accountancy with honors from the Hong Kong Polytechnic University in November 1993. Mr. Choi is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants and a registered practicing Certified Public Accountant in Hong Kong.

Mr. Choi currently serves as a director in the following publicly listed companies:

- Beijing Jingkelong Company Limited, a company whose shares are listed on the Stock Exchange (stock code: 814), as an independent non-executive director;
- China ITS (Holdings) Company Limited, a company whose shares are listed on the Stock Exchange (stock code: 1900), as an independent non-executive director; and
- Tuniu Corporation, a company whose shares are listed on the NASDAQ (stock symbol: TOUR), as an independent director.

Save as disclosed above, none of our Directors holds any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this Prospectus. See “Appendix IV — Statutory and General Information” in this Prospectus for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed in this Prospectus, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, there were no other matters in respect of each of our Directors which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there were no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Roles and responsibilities</u>	<u>Date of joining our Group</u>
Mr. Dai Kebin (戴科彬)	37	Executive Director, Chairman and Chief Executive Officer	Overall strategic planning and business direction of our Group and management of our Company, Chairman of the Nomination Committee	March 2008

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining our Group
Mr. Chen Xingmao (陳興茂)	41	Executive Director and Chief Technology Officer	Overseeing product research and development, and developing strategies for technological advancement	November 2006
Ms. Xu Lili (徐黎黎)	36	Executive Director and Chief Financial Officer	Overseeing the corporate finance of our Group, handling investor relationships, and overseeing all investments and acquisitions of our Group	March 2014
Mr. Zhao Kang (趙康)	47	Senior Vice President	Overseeing general sales and services of our Group	May 2017
Mr. Shan Yi (單藝)	43	Chief Data Officer	Overseeing research and development of big-data, artificial intelligence and data governance of our Group	October 2014

Mr. Dai Kebin (戴科彬), aged 37, is our executive Director, the Chairman of the Board and the Chief Executive Officer. Please see his biography in the part headed “— Board of Directors — Executive Directors” in this section.

Mr. Chen Xingmao (陳興茂), aged 41, is our executive Director and the Chief Technology Officer. Please see his biography in the part headed “— Board of Directors — Executive Directors” in this section.

Ms. Xu Lili (徐黎黎), aged 36, is our executive Director and the Chief Financial Officer. Please see her biography in the part headed “— Board of Directors — Executive Directors” in this section.

Mr. Zhao Kang (趙康), aged 47, is our senior vice president and joined our Group in May 2017. Mr. Zhao is primarily responsible for overseeing the sales and services of our Group. Prior to joining our Group, he was a senior vice president for the global solution unit in the PRC office of Schneider Electric, an energy management and automation company which is listed on the Paris Stock Exchange (stock symbol: SE), from September 2013 to June 2017. From March 2005 to August 2013, Mr. Zhao worked in the PRC office of Dell, a computer technology company and he was an executive director before leaving.

Mr. Zhao received a bachelor’s degree in industrial management engineering and a master of aviation system engineering degree from Northwestern Polytechnical University in July 1992 and April 1994, respectively. He also received a master of business administration degree from Hong Kong University of Science and Technology in June 2017.

Mr. Shan Yi (單藝), aged 43, is our Chief Data Officer and joined our group in October 2014. Mr. Shan is primarily responsible for overseeing research and development of big-data, artificial intelligence and data governance of our Group. Prior to joining our Group, he was the founder and served as the chief technology officer at Omni-Dimension Inc. from April 2010 to August 2014.

Mr. Shan received his bachelor and master degrees in management information systems from Tsinghua University in July 1996 and June 1998, respectively. He also received a master of management information systems degree from University of Arizona in August 2000.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Fung Wai Sum (馮慧森) is our company secretary. Ms. Fung is a Manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Fung has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Fung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

COMMITTEES UNDER THE BOARD OF DIRECTORS

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with the terms of reference established by our Board of Directors.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises one non-executive Director, namely Mr. Zuo Lingye, and two independent non-executive Directors, namely Mr. Choi Onward and Mr. Ye Yaming. Mr. Choi Onward, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established an remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration Committee comprises one non-executive Director, namely Mr. Ding Gordon Yi, and two independent non-executive Directors, namely Mr. Choi Onward and Mr. Zhang Ximeng. Mr. Zhang Ximeng is the chairman of the committee.

Nomination Committee

We have established an nomination committee in compliance with the Corporate Governance Code. The primary duties of the nomination committee are to make recommendations to the Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises one executive Director, namely Mr. Dai Kebin and two independent non-executive Directors, namely Mr. Ye Yaming and Mr. Zhang Ximeng. Mr. Dai Kebin is the chairman of the committee.

CORPORATE GOVERNANCE

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the

DIRECTORS AND SENIOR MANAGEMENT

same individual. We do not have a separate chairman and chief executive officer and Mr. Dai currently performs these two roles. While this will constitute a deviation from Code Provision A.2.1 of the Corporate Governance Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of nine Directors, and we believe there is sufficient check and balance in our Board; (ii) Mr. Dai and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, as Mr. Dai is our principal founder, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

For further information relating to our Company's corporate governance measures, please see the section headed "Relationship with our Controlling Shareholders — Corporate Governance Measures."

DIRECTORS' REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonus) for the five highest paid individuals (including Directors and other employees) for the years ended December 31, 2015, 2016 and 2017 was approximately RMB4.1 million, RMB8.0 million and RMB4.9 million, respectively.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonus) for our Directors for the years ended December 31, 2015, 2016 and 2017 was approximately RMB3.8 million, RMB3.1 million and RMB2.9 million, respectively. None of our Directors waived any remuneration during the aforesaid periods.

Save as disclosed, no other payments have been paid or are payable, in respect of the years ended December 31, 2015, 2016 and 2017 by our Company to our Directors or senior management.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director or any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the

DIRECTORS AND SENIOR MANAGEMENT

requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Listing in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this Prospectus; and
- (d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised, the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of Shareholder	Capacity /Nature of Interest	Number of Shares as of the Latest Practicable Date	Approximate percentage of voting rights in our Company as of the Latest Practicable Date	Number of Shares after the Global Offering	Approximate percentage of voting rights in our Company after the Global Offering
Mr. Dai ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾	Interest in Controlled Corporation	134,289,647	32.95%	290,608,889	58.64%
May Flower ⁽²⁾⁽³⁾	Beneficial Interest / Interest of a Party to an Agreement regarding Interest in our Company	101,524,692	24.91%	290,608,889	58.64%
Ms. Song Yueting ⁽⁸⁾	Interest of Spouse	101,524,692	24.91%	290,608,889	58.64%
Matrix Partners China I and Matrix Partners China I-A, L.P. ⁽⁴⁾	Beneficial Interest	99,804,139	24.49%	99,804,139	20.14%
Giant Lilly ⁽⁵⁾	Beneficial Interest	97,370,133	23.89%	97,370,133	19.65%
Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership) (三啟未來(天津)企業管理合夥企業(有限合夥)) (“Sanqi Weilai”) ⁽⁶⁾	Beneficial Interest	32,764,955	8.04%	32,764,955	6.61%
Tenzing Holdings 2011 Ltd. ⁽⁷⁾	Beneficial Interest	30,464,038	7.47%	30,464,038	6.15%

Notes:

- (1) May Flower holds 101,524,692 of our issued Shares and is wholly-owned by Mr. Dai, who is deemed to be interested in the total number of Shares held by May Flower.
- (2) Pursuant to a voting proxy agreement entered into by each of (i) Matrix Partners China I and Matrix Partners China I-A, L.P. (“**Matrix Partners**”); (ii) Giant Lilly and (iii) Tenzing Holdings 2011 Ltd. (“**Tenzing**”) with May Flower, respectively, May Flower as its attorney has the right to vote over (a) such number of Shares representing 10% of our total issued Shares and which are held by Matrix Partners, being 49,555,946 Shares; (b) such number of Shares representing 10% of our total issued Shares and which are held by Giant Lilly, being 49,555,946 Shares and (c) all the Shares held by Tenzing, being 30,464,038 Shares, immediately upon completion of the Global Offering, representing an aggregate of approximately 26.15% of our issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised). See the section headed “History, Reorganization, and Corporate Structure — Major Shareholding changes of our Company — Voting Agreements” for details.
- (3) Pursuant to a voting proxy agreement entered into by each of (i) Xiaoying Information Technology Co., Limited (“**Xiaoying**”) and (ii) Wisest Holding Co., Limited (“**Wisest Holding**”) with May Flower, respectively, May Flower and Mr. Dai as its attorney have the right to vote (a) all the Shares held by Xiaoying, being 13,598,226 Shares and (b) all the Shares held by Wisest, being 13,145,086 Shares, immediately upon completion of the Global Offering, representing an aggregate of approximately 5.39% of our issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised). See the section headed “History, Reorganization, and Corporate Structure — Major Shareholding changes of our Company — Voting Agreements” for details.
- (4) Matrix Partners China I holds 90,622,158 Shares and Matrix Partners China I-A, L.P. holds 9,181,981 Shares in our Company. Matrix Partners China I and Matrix Partners China I-A, L.P. are both exempted limited partnerships registered under the laws of the Cayman

SUBSTANTIAL SHAREHOLDERS

Islands. The general partner of Matrix Partners China I and Matrix Partners China I-A, L.P. is Matrix China Management I, L.P., the general partner of which is Matrix China I GP GP, Ltd.

- (5) The entire interest of Giant Lilly is held as to 60.47% by Warburg Pincus Private Equity XI, L.P., 22.06% by Warburg Pincus XI (Asia), L.P. and 11.20% by Warburg Pincus Private Equity XI-B, L.P. and 6.27% by other minority shareholders. The general partner of Warburg Pincus Private Equity XI, L.P. is Warburg Pincus XI, L.P., the general partner of which is WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P., the general partner of which is Warburg Pincus Partners GP LLC, and the managing member of which is Warburg Pincus & Co..
- (6) Sanqi Weilai holds 32,764,955 of our issued Shares. The general partner of Sanqi Weilai is Sanqi Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd. (三啟天才 (天津) 企業管理諮詢有限責任公司), which is in turn 99% held by Mr. Dai, our executive Director. Therefore Mr. Dai is deemed to be interested in the Shares held by Sanqi Weilai.
- (7) The entire issued share capital of Tenzing Holdings 2011 Ltd. is held by Tenzing Holdings LLC, which is in turn held in the entirety by Tenzing Trust. Tenzing Trust is a discretionary, irrevocable, non-grantor trust established by Mr. Shao Yibo, a non-executive Director, as settlor, and the discretionary beneficiaries are Mr. Shao Yibo's immediate family members and other non-profit organizations which are Independent Third Parties.
- (8) Ms. Song Yueting is the spouse of Mr. Dai, and is deemed to be interested in the same number of Shares in which Mr. Dai is interested.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering:

	Number of Shares of US\$0.0001 each	Aggregate nominal value of Shares
Authorized share capital as of the date of this Prospectus.....	1,000,000,000	US\$100,000.00
Shares in issue as of the date of this Prospectus (assuming the Convertible Preferred Shares are converted into Shares and the options granted under the Pre-IPO Share Option Scheme are not exercised) ⁽¹⁾	407,559,464	US\$ 40,755.95
Shares to be issued under the Global Offering	88,000,000	US\$ 8,800.00
Shares in issue immediately following the Global Offering	<u>495,559,464</u>	<u>US\$ 49,555.95</u>

Note:

- (1) The Convertible Preferred Shares will be converted to Shares on a one to one basis by way of re-designation to Shares on the Listing Date.

Assumptions

The above table assumes that (i) the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering and (ii) any options granted under the Pre-IPO Share Option Scheme are not exercised. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

Ranking

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this Prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Prospectus.

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which general meetings are required

Upon completion of the Global Offering, our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed “Summary of the Constitution of the Company and Cayman Companies Law — Summary of the Constitution of the Company — Articles of Association — Alteration of capital” in Appendix III to this Prospectus for further details.

Share Option Schemes

We adopted the Pre-IPO Share Option Scheme on March 30, 2018 and the Post-IPO Share Option Scheme on June 9, 2018. Please see the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme” in Appendix IV to this Prospectus for further details.

SHARE CAPITAL

General mandate to issue Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be granted under the Pre-IPO Share Option Scheme); and
- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed “General mandate to repurchase Shares” in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed “Statutory and General Information – 3. Resolutions of our Shareholders” in Appendix IV to this Prospectus for further details of this general mandate to allot, issue and deal with Shares.

General mandate to repurchase Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be granted under the Pre-IPO Share Option Scheme).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information — 6. Repurchases of Our Own Securities” in Appendix IV to this Prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed “Statutory and General Information — 3. Resolutions of our Shareholders” in Appendix IV to this Prospectus for further details of this general mandate to repurchase Shares.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our audited combined financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our combined financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including the sections headed "Risk Factors" and "Business".

For the purpose of this section, unless the context otherwise requires, references to 2015, 2016 and 2017 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a combined basis.

OVERVIEW

We are a pioneer in China's talent services market, operating the largest online talent acquisition services platform focused on mid- to high-end talents in terms of total revenue in 2017, according to CIC. Leveraging our deep understanding of talent, we foster an innovative platform for both business and individual users to obtain a variety of personalized talent services.

Launched in 2011, our technology- and data-driven online platform connected and empowered over 38.9 million registered individual users, 248,600 verified business users and 101,840 verified headhunters as of December 31, 2017. Through our dynamic and user-friendly online platform, we benefit from self-reinforcing network effects that maximize the long-term value of all of our users. We offer a comprehensive set of talent services via our SaaS platforms through our website, mobile apps and branded WeChat official account, to allow individual users to advance their career, to help businesses acquire talent more effectively, and to incentivize headhunters to facilitate the entire hiring process.

We offer a variety of talent services to our individual and business users on our online platform. During the Track Record Period, we generated a substantial portion of our revenues from providing talent acquisition services to our business customers, primarily in the forms of (1) customized subscription packages charging various fixed rates, such as CV downloading, and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon the completion of certain hiring milestones, such as headhunter-assisted, closed-loop services and other hiring-related projects. We also generated a small portion of our revenues by providing professional career services, such as premium membership services and CV advisory services to our registered individual users. See the section headed "Business" in this prospectus for a detailed discussion of our business.

Our total revenue increased by 69.9% from RMB345.6 million in 2015 to RMB587.1 million in 2016, and further increased by 40.5% to RMB824.7 million in 2017, representing a CAGR of 54.5% from 2015 to 2017. We had a (loss)/profit of RMB7.6 million in 2017, compared with net losses of RMB230.7 million and RMB139.7 million in 2015 and 2016. Excluding the impact of share-based compensation, we had an adjusted (loss)/profit of RMB(222.4) million in 2015, compared to an adjusted (loss)/profit of RMB(128.5) million in 2016, and we had an adjusted (loss)/profit of RMB16.7 million in 2017. See "Non-IFRS Measure" in this prospectus for a discussion of reconciliation of our non-IFRS measure to the corresponding IFRS measure.

BASIS OF PRESENTATION

Immediately prior to and after the Reorganization, the business of our Group was held by Wisest and its subsidiaries. Pursuant to the Reorganization, Wisest and the business of our Group have been transferred to and

FINANCIAL INFORMATION

held by our Company. The Reorganization is merely a reorganization of the business of our Group with no change in management of such business. Accordingly, the financial information of the companies now comprising our Group for the Track Record Period is presented using the carrying values of the business of our Group under Wisest for all the years presented.

The combined statements of financial position, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of our Group for the Track Record Period have been prepared on the basis that the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment, or since the date when the combining companies first came under the control of our controlling shareholder, whichever is the shorter period.

The Historical Financial Information (as defined in Appendix I — Accountants' Report) has been prepared in accordance with all applicable IFRS, which collective term includes all applicable individual IFRS, IAS and interpretations issued by the IASB. Further details of the significant accounting policies adopted are set out in Note 2 of "Appendix I — Accountants' Report." The IASB has issued certain new and revised IFRS. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS for the Track Record Period, except for any new standards or interpretations that were not yet effective for the year ended December 31, 2017. The revised and new accounting standards and interpretations issued but not yet effective for the year ended December 31, 2017 are set out in Note 29 of "Appendix I — Accountants' Report."

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATION

General Factors Affecting Our Results of Operations

Our business and operating results are affected by general factors affecting China's online talent services industry, including:

- China's overall economic growth and its structural transformation into a consumption- and technology-driven economy;
- growth of internet and mobile internet penetration;
- growth of online talent services industry and its acceptance as reliable and effective services by talents, businesses and headhunters;
- demand for mid- to high-end talents;
- competitive landscape in China's online talent services industry; and
- governmental policies and regulations affecting China's online talent services industry.

Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and materially and adversely affect our results of operations.

FINANCIAL INFORMATION

Specific Factors Affecting Our Results of Operations

Our ability to expand our talent base and enhance user experience

We have a massive and growing talent base which is critical to our ecosystem. Our ability to continue to effectively expand our talent base has a direct impact on our ability to attract and maintain our business users, headhunters and other talent service providers. Particularly, a massive and growing talent base serves as the foundation to generate a rich, comprehensive and relevant talent graph of our individual users, which we believe creates significant value for our business users seeking to identify the most suitable candidates and for headhunters providing hiring services to our business customers. Our ability to continue to drive the organic growth of our talent base is primarily driven by factors including our ability to connect them to career opportunities, the quality of our services, the range and effectiveness of our online tools and functions, the vibrancy and extensiveness of our online professional social network, the reliability and security of our online platform, and our brand reputation.

We currently generate a small portion of our revenues from providing services to our individual users. Historically, we provided most of our services to our individual users for free as we have been more focused on cultivating an engaging, high-quality professional network among our individual users, connecting them to opportunities, and enhancing their user experience. Going forward, our ability to increase revenues from serving our large, growing talent base will be largely affected by various factors including our individual users' willingness to pay for professional career services, our ability to continue enhancing user experience, and our ability to continue diversifying our product offerings and monetization channels with respect to individual users.

Our ability to grow our business customer base and drive its acceptance of online talent acquisition services

We generate and expect to continue to generate a substantial portion of our revenues from providing talent acquisition services to our business customers. As a result, our results of operations are and will continue to be materially affected by our ability to retain and attract business customers. This is primarily driven by factors such as our talent acquisition service quality, our product and service offerings, our brand reputation, our ability to convert sales leads into customers cost-effectively and our ability to enhance user experience. In addition, we rely on our ability to retain existing business customers to drive our revenues.

As an online talent service provider, we benefit significantly from the structural economic transformation, talent economy expansion and the increasing internet penetration in China. We believe that our online talent acquisition service model, as compared to traditional offline headhunting and recruiting, is superior as it offers talent services to business customers in a more flexible, convenient, effective and efficient manner by leveraging AI and data technology to enhance hiring efficiency and user experience. For this reason, we believe our ability to continue to grow our revenues significantly depends on our ability to continue to drive our existing and potential business customers to embrace our online talent acquisition services over traditional offline headhunting. See "Industry Overview" for a detailed discussion of the various growth drivers of our industry.

Our ability to diversify and improve our products and service offerings

Our ability to further monetize our large and growing base of business users, headhunters and individual users will substantially depend on our ability to offer more products and services to them. With respect to business customers and headhunters, we seek to leverage our deep insights into their needs to diversify our products and service offerings and to deliver more headhunter-assisted, closed-loop talent services via our one-stop services platform. In addition, we plan to continue improving our up-selling and cross-selling efforts along the human resources value chain to drive our existing and prospective business customers' spending on our online platform. With respect to our individual users, we seek to offer more varieties of professional career services that prepare them better in every major step of the job searching process, and improve our existing individual user monetization solutions, such as premium membership services and CV advisory services.

FINANCIAL INFORMATION

Our ability to sell and market our products and services cost-effectively

Our operating margin and profitability largely depend on our ability to sell and market our products and services in a cost-effective manner. Sales and marketing expenses had represented a substantial portion of our total operating expenses during the Track Record Period.

We have attracted our individual and business users primarily through word-of-mouth referrals as well as offline and online marketing channels. We also rely on a large sales force to convert sales leads into business customers. We target to enhance returns from different marketing channels by leveraging our brand reputation, as well as to improve the sales efficiency of our sales force by optimizing our incentive and compensation structure and leveraging our AI technology.

As our revenue growth increasingly outpaced our sales and marketing expense growth over the Track Record Period, we plan to further optimize our sales and marketing endeavors in the future. We plan to achieve such optimization by undertaking more targeted marketing campaigns and further optimizing our branding expenses as our brand becomes more established.

Effective investment in technology and data capabilities

We are a technology- and data-driven online talent services platform and have made significant investment in our technology capabilities to enhance our service quality, develop more products and services and improve our operational efficiency. As our talent base and business customer base continue to grow, we plan to continue to invest in AI and big data analytics to improve our matching results and user experience. In addition, we plan to continue to leverage the enormous amount of data generated through various closed-loop transactions to optimize our algorithm and enhance our understanding of our users and customers. Furthermore, our ability to continue improving operational efficiency will depend on our ability to further develop and optimize our technology infrastructure across different business functions.

Our exposure to fluctuations in foreign currency exchange rates

We were exposed to foreign exchange rate risk associated with US dollar/RMB exchange rate movements during the Track Record Period. For the years ended December 31, 2015, 2016 and 2017, we had foreign currency exchange gain/(loss) (realized and unrealized) of RMB3.6 thousand, RMB18.7 million and RMB(25.7) million, respectively. While the functional currency of our operating companies is RMB, we have had and will continue to have time deposits in US dollars, which may subject us to exchange rate fluctuations when we need to convert the time deposits proceeds into our functional currency. Foreign currency exchange gain/(loss) is recognized as part of net finance income/(loss) in the combined statements of profit or loss, and thus it may affect our results of operation.

See “Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in exchange rates could result in foreign currency exchange losses to both our operation results and offering proceeds.”

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, revenue and costs are recognized in statements of profit or loss as follows:

We generate service revenue from providing a variety of talent services to business customers (including headhunters) and individual paying users. The Group generally monetizes through three different channels, namely, the subscription-based model, transaction-based model and professional career service model.

FINANCIAL INFORMATION

Talent acquisition services provided to business customers:

— Subscription-based model:

Under the subscription-based model, we provide to our business customers a customized package of services, including job posting, CV search, 360-degree CV downloading, intent communications with job candidates, invitations to apply for jobs and top display of job postings, etc. Such service agreement normally has a term of one year.

The subscription fee varies based on the type and quantity of services agreed with the business customers. The Group normally receives all of the subscription fee upfront, and such amount is non-refundable and recognized as deferred revenue, which is a current liability.

Under the subscription-based model, the service can be divided into two categories: (1) consumption-based services such as 360-degree CV downloading, intent communications with job candidates and invitations to apply for jobs, etc. and (2) time-based services such as top display of job postings, etc.

The total subscription consideration is allocated to each service on the subscription date based on the relative fair value of such service. The revenue from consumption-based services is recognized upon the consumption of the individual service. The service that is not consumed within the contract period is recognized as revenue upon the expiry of the contract when the Group has no future obligation. The revenue from time-based services is recognized on a straight-line basis over the contract period.

— Transaction-based model

The Group provides to our business customers transaction-based talent acquisition services such as headhunter-assisted, closed-loop services leading up to candidate interview (*Interview Express* or 面試快) or closed-loop services related to onboarding processes (*Onboarding Express* or 入職快) and other project-based talent acquisition services.

The revenue from transaction-based services is recognized when the performance of service is accepted by the customer.

Professional career services provided to registered individual users:

— Professional career services

These services are provided to registered individual users for professional career services, such as premium membership services and CV advisory services. The revenue is recognized on a straight-line basis over the service period for the time-based premium membership service, or upon the performance of transaction-based services such as CV advisory services.

Share-based compensation expenses

We operate an equity-settled, share-based compensation plan, under which we receive services from employees as consideration for our equity instruments. The fair value of the employee services received in exchange for the shares options or restricted shares is recognized as an expense. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest. At the end of each reporting period, we review our estimates of the number of share options that are expected to vest.

FINANCIAL INFORMATION

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In assessing whether such unused tax losses can be utilized in the future, we need to make judgments and estimates on the ability of each of our subsidiaries to generate taxable income in the future years. Based on current information available and the tax planning strategies, we considered there is uncertainty regarding whether the unused tax losses could be utilized before expiration. Thus, we currently have not recognized any deferred tax assets resulting from operating loss and deductible temporary differences.

COMBINED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our combined statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Revenue	345,608	100.0	587,099	100.0	824,662	100.0
Cost of revenue	(49,267)	(14.3)	(90,803)	(15.5)	(131,685)	(16.0)
Gross profit	296,341	85.7	496,296	84.5	692,977	84.0
Operating expenses	(536,682)	(155.3)	(649,290)	(110.5)	(673,064)	(81.6)
Sales and marketing expenses ¹	(407,947)	(118.0)	(482,290)	(82.1)	(487,274)	(59.1)
Research and development expenses ¹	(66,400)	(19.3)	(86,390)	(14.7)	(91,920)	(11.1)
General and administrative expenses ¹	(62,335)	(18.0)	(80,610)	(13.7)	(93,870)	(11.4)
Other income	1,595	0.5	9,086	1.5	6,448	0.8
(Loss)/profit from operations	(238,746)	(69.1)	(143,908)	(24.5)	26,361	3.2
Net finance income/(cost)	8,030	2.3	4,180	0.7	(18,810)	(2.3)
(Loss)/profit before taxation	(230,716)	(66.8)	(139,728)	(23.8)	7,551	0.9
Income tax	—	—	—	—	—	—
(Loss)/profit for the year	(230,716)	(66.8)	(139,728)	(23.8)	7,551	0.9
Adjusted (loss)/profit (unaudited)²	(222,401)	(64.4)	(128,482)	(21.9)	16,666	2.0

Notes:

(1) Share-based compensation was allocated as follows:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Sales and marketing expenses	1,017	12.2	3,603	32.0	3,691	40.5
Research and development expenses	1,353	16.3	4,130	36.7	4,130	45.3
General and administrative expenses	5,945	71.5	3,513	31.3	1,294	14.2
Total share-based compensation	8,315	100.0	11,246	100.0	9,115	100.0

(2) We define adjusted (loss)/profit as (loss)/profit for the year adjusted by adding back share-based compensation. Adjusted (loss)/profit is not a measure required by, or presented in accordance with IFRS. The use of such a measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

FINANCIAL INFORMATION

NON-IFRS MEASURE

To supplement our combined financial statements which are presented in accordance with IFRS, we also use a non-IFRS measure, namely adjusted (loss)/profit, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and from company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance.

Our non-IFRS measure excludes share-based compensation from operating expenses as we do not consider such expenses to be indicative of our profit/(loss) from operations from a cash perspective. Share-based compensation has been and will continue to be, for the foreseeable future, a significant recurring non-cash expense included in our operating expenses. We do not exclude other non-cash item, such as gain/(loss) on fair value changes of convertible loan, as all such loans had been fully converted to shares in 2016 and 2017, and the loss on fair value changes of convertible loan was only RMB1.5 million for the year ended December 31, 2017. Our management uses this non-IFRS measure in assessing our historical performance internally, and planning and forecasting our performance in future periods. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management does. However, our presentation of the adjusted (loss)/profit may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted (loss)/profit for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is (loss)/profit for the year:

	For the Year Ended December 31,		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	(in RMB '000)		
Reconciliation of (loss)/profit for the year to adjusted (loss)/profit			
(Loss)/profit for the year	(230,716)	(139,728)	7,551
Add:			
Share-based compensation	<u>8,315</u>	<u>11,246</u>	<u>9,115</u>
Adjusted (loss)/profit	<u>(222,401)</u>	<u>(128,482)</u>	<u>16,666</u>

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, more than 95% of our total revenue was generated from providing talent acquisition services to our business customers, primarily in the forms of (1) customized subscription packages that include various talent services charging various fixed rates and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon the completion of certain hiring milestones. We also generated a small portion of our revenues by (1) providing professional career services, such as premium membership services and CV advisory services to our registered individual users, and (2) directing individual user traffic to certain internet service providers. Lastly, we generated a very small portion of our revenues from other sources such as rental income in 2017 only. The following table sets forth sources of our revenue for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Source of Revenue:						
Talent acquisition services provided to business customers	336,383	97.3	578,609	98.6	795,756	96.5
Individual users	9,225	2.7	8,490	1.4	27,243	3.3
Others	—	—	—	—	1,663	0.2
Total	<u>345,608</u>	<u>100.0</u>	<u>587,099</u>	<u>100.0</u>	<u>824,662</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits of our talent acquisition service personnel, and IT infrastructure and maintenance cost. Service and project expenses mainly include costs incurred in providing headhunter-assisted, closed-loop talent acquisition services, office rental, depreciation of equipment associated with the provision of all of our products and services, and other miscellaneous project expenses in relation to the delivery our talent acquisition services such as hiring material costs and travel and lodging expenses incurred by our project employees. The following table sets forth a breakdown of our cost of revenue for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Cost of Revenue:						
Service and project expenses						
Headhunter-related costs	25,128	51.0	34,124	37.6	57,565	43.7
Rental costs	991	2.0	1,779	2.0	2,714	2.1
Depreciation	1,321	2.7	2,003	2.2	2,136	1.6
Miscellaneous costs for talent acquisition projects	9,795	19.9	22,604	24.9	29,263	22.2
Sub-total	<u>37,236</u>	<u>75.6</u>	<u>60,511</u>	<u>66.6</u>	<u>91,679</u>	<u>69.9</u>
Salaries and benefits	6,945	14.1	22,914	25.2	31,080	23.6
IT infrastructure and maintenance cost	5,086	10.3	7,378	8.2	8,926	6.8
Total	<u>49,267</u>	<u>100.0</u>	<u>90,803</u>	<u>100.0</u>	<u>131,685</u>	<u>100.0</u>

FINANCIAL INFORMATION

Gross Profit

The following table sets forth our gross profit in absolute amount and as a percentage of revenue (or gross margin) for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Gross profit	<u>296,341</u>	<u>85.7</u>	<u>496,296</u>	<u>84.5</u>	<u>692,977</u>	<u>84.0</u>

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. The following table sets forth a breakdown of our sales and marketing expenses for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Sales and marketing expenses:						
Salaries and benefits	214,113	52.5	292,333	60.6	372,880	76.5
Advertising and promotion	157,295	38.5	146,671	30.4	69,693	14.3
Others	<u>36,539</u>	<u>9.0</u>	<u>43,286</u>	<u>9.0</u>	<u>44,701</u>	<u>9.2</u>
Total	<u>407,947</u>	<u>100.0</u>	<u>482,290</u>	<u>100.0</u>	<u>487,274</u>	<u>100.0</u>

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. The following table sets forth a breakdown of our R&D expenses for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Research and development expenses:						
Salaries and benefits	57,272	86.3	64,502	74.7	68,185	74.2
Others	<u>9,128</u>	<u>13.7</u>	<u>21,888</u>	<u>25.3</u>	<u>23,735</u>	<u>25.8</u>
Total	<u>66,400</u>	<u>100.0</u>	<u>86,390</u>	<u>100.0</u>	<u>91,920</u>	<u>100.0</u>

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses, which include impairment losses for doubtful accounts receivable and available-for-sale

FINANCIAL INFORMATION

financial assets. The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
General and administrative expenses:						
Salaries and benefits	50,611	81.2	58,757	72.9	63,697	67.9
Office expenses	4,251	6.8	6,152	7.6	8,160	8.7
Others	7,473	12.0	15,701	19.5	22,013	23.4
Total	<u>62,335</u>	<u>100.0</u>	<u>80,610</u>	<u>100.0</u>	<u>93,870</u>	<u>100.0</u>

Other Income

Other income primarily comprises income we derive from investing in wealth management products and government grants. The following table sets forth a breakdown of our other income for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
Other income:						
Investment income from wealth management products	1,486	93.2	8,279	91.1	2,777	43.1
Government grant	—	—	730	8.0	2,100	32.6
Others	109	6.8	77	0.9	1,571	24.3
Total	<u>1,595</u>	<u>100.0</u>	<u>9,086</u>	<u>100.0</u>	<u>6,448</u>	<u>100.0</u>

(Loss)/profit from operations

The following table sets forth our (loss)/profit from operations in absolute amounts and as a percentage of our revenues (or operating margin), for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
(Loss)/profit from operations	<u>(238,746)</u>	<u>(69.1)</u>	<u>(143,908)</u>	<u>(24.5)</u>	<u>26,361</u>	<u>3.2</u>

Net Finance Income/(Cost)

Net finance income/(cost) primarily consists of interest income from bank deposits, bank charges, gain or loss on fair value changes of convertible loans, and foreign currency exchange gain/(loss) due to fluctuations of U.S. dollar against RMB.

FINANCIAL INFORMATION

(Loss)/profit before taxation

The following table sets forth our (loss)/profit before taxation in absolute amounts and as a percentage of our revenues, for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
(Loss)/profit before taxation	<u>(230,716)</u>	<u>(66.8)</u>	<u>(139,728)</u>	<u>(23.8)</u>	<u>7,551</u>	<u>0.9</u>

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong

Hong Kong profits tax rate was 16.5% for the years ended December 31, 2015, 2016 and 2017. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

PRC

Under the PRC Enterprise Income Tax Law effective from January 1, 2008, our PRC subsidiaries, and controlled affiliated entities and their subsidiaries are subject to the statutory rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy. Enterprises that qualify as “High and New Technology Enterprises” are entitled to a preferential rate of 15% for three years. Wisest, INS Network (Beijing) Information Technology Co., Ltd. and Liedao was certified as “High and New Technology Enterprise” on December 22, 2016, March 1, 2017 and December 4, 2017, respectively. Wisest, INS Network (Beijing) Information Technology Co., Ltd. and Liedao enjoy a preferential tax rate of 15% for the year ended December 31, 2017. Our remaining PRC entities were subject to enterprise income tax at a rate of 25% for the years ended December 31, 2015, 2016 and 2017.

Pursuant to the Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from China effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied. During the Track Record Period, we did not have any plan to require our PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand our business in China. Our PRC entities had accumulated loss as of December 31, 2017. Accordingly, we did not accrue any deferred income tax liability as of December 31, 2015, 2016 and 2017.

Historically, we have not recognized deferred tax assets in respect of the accumulated tax losses of RMB257.7 million, RMB303.0 million and RMB275.0 million as of December 31, 2015, 2016 and 2017, respectively. According to applicable PRC tax laws and regulations, the loss amounts can be carried forward to the next five years to offset the future income tax payables. The current accumulated tax losses will expire from 2018 to 2022.

FINANCIAL INFORMATION

(Loss)/profit for the year

The following table sets forth our (loss)/profit in absolute amounts and as a percentage of our revenues, or net margin, for the periods indicated:

	For the Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	(in RMB '000, except percentages)					
(Loss)/profit for the year	(230,716)	(66.8)	(139,728)	(23.8)	7,551	0.9

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenue

Our revenue increased by 40.5% from RMB587.1 million for the year ended December 31, 2016 to RMB824.7 million for the year ended December 31, 2017. This increase was primarily driven by (1) an increase in average revenue per business customer from approximately RMB18,691 in 2016 to approximately RMB19,950 in 2017, which was attributable to our business customers' enhanced level of engagement with us and increasing spending on our headhunter-assisted, closed-loop talent acquisition services, such as *Interview Express* (面試快) and *Onboarding Express* (入職快), which were rolled out in 2015 and 2016, respectively, and (2) the greater number of business customers we maintained and acquired during this period as a result of our improved sales coverage and more established branding.

Cost of Revenue

Our cost of revenue increased by 45.0% from RMB90.8 million for the year ended December 31, 2016 to RMB131.7 million for the year ended December 31, 2017. This increase was generally in line with our increase in revenue during the same period as we continued to attract and serve more business customers and scale up our operations. Specifically, it was mainly driven by (1) a 51.5% increase in service and project expenses as we continued to scale up our operations and (2) a 35.6% increase in staff salaries and benefits as we continued to increase our staff headcount to support the growth of our business. The increase in service and project expenses was mainly attributable to a higher volume of headhunter-assisted, closed-loop talent services, such as *Interview Express* (面試快) and *Onboarding Express* (入職快), which resulted in an increase in headhunter-related costs, and to a lesser extent, an increase in miscellaneous costs as we carried out more talent acquisition projects for our business customers.

Gross Profit

As a result of the foregoing, our gross profit increased by 39.6% from RMB496.3 million for the year ended December 31, 2016 to RMB693.0 million for the year ended December 31, 2017. Our gross margin decreased slightly from 84.5% for the year ended December 31, 2016 to 84.0% for the year ended December 31, 2017.

Sales and Marketing Expenses

Our sales and marketing expense increased slightly by 1.0% from RMB482.3 million for the year ended December 31, 2016 to RMB487.3 million for the year ended December 31, 2017, mainly due to increase in sales

FINANCIAL INFORMATION

personnel headcount, offset by continued improvement in our sales and marketing efficiency as we reduced our advertising and promotion expense and continued to rely more on our established brand reputation to drive revenue increases. This was reflected in (1) the lower volume of advertisements that we distributed via various offline channels, and (2) the lower volume of online advertisements we purchased during the period. The impact of such improvement was partially offset by gradual increase in salaries and benefits paid to our sales, sales support and marketing personnel in line with our revenue growth. Our sales and marketing expenses as a percentage of revenue significantly decreased from 82.1% for the year ended December 31, 2016 to 59.1% for the year ended December 31, 2017, primarily due to substantial revenue growth outpacing our sales and marketing expense increase in the same period, as a result of our improved efficiency in sales and marketing activities.

Research and Development Expenses

Our R&D expenses increased by 6.4% from RMB86.4 million for the year ended December 31, 2016 to RMB91.9 million for the year ended December 31, 2017, mainly due to increase in salaries and benefits paid to our R&D personnel. Our R&D expenses as a percentage of revenue decreased from 14.7% for the year ended December 31, 2016 to 11.1% for the year ended December 31, 2017, primarily as a result of slower increase in R&D expenses compared to substantial revenue growth in the same period.

General and Administrative Expenses

Our general and administrative expense increased by 16.5% from RMB80.6 million for the year ended December 31, 2016 to RMB93.9 million for the year ended December 31, 2017, primarily due to increase in (1) salaries and benefits paid to general and administrative personnel, (2) increased office spending as we rented more spaces to support our growing operation and (3) impairment losses and professional service fees. Our general and administrative expenses as a percentage of revenue decreased from 13.7% for the year ended December 31, 2016 to 11.4% for the year ended December 31, 2017, primarily due to slower increase in general and administrative expenses compared to substantial revenue growth in the same period, as a result of improved operational efficiency.

Other Income

Other income decreased by 29.7% from RMB9.1 million for the year ended December 31, 2016 to RMB6.4 million for the year ended December 31, 2017, primarily as a result of reduced income from investment in wealth management products.

(Loss)/profit from operations

As a result of the foregoing, our (loss)/profit from operations increased from a loss of RMB143.9 million for the year ended December 31, 2016 to a profit of RMB26.4 million for the year ended December 31, 2017.

Net Finance Income/(Cost)

Net finance income/(cost) decreased from RMB4.2 million for the year ended December 31, 2016 to RMB(18.8) million for the year ended December 31, 2017, primarily as a result of loss on foreign currency exchange (including realized and unrealized foreign exchange loss) due to unfavorable US dollar/RMB exchange rate movement, partially offset by a decrease in loss on fair value changes of convertible loans.

(Loss)/profit before taxation

As a result of the foregoing, our (loss)/profit before taxation increased from a loss of RMB139.7 million for the year ended December 31, 2016 to a profit of RMB7.6 million for the year ended December 31, 2017.

FINANCIAL INFORMATION

Income Tax

There was no income tax expense for the years ended December 31, 2016 and December 31, 2017, as a result of our net loss before taxes in 2016 and accumulated losses as of December 31, 2017.

(Loss)/profit for the year

(Loss)/profit increased from RMB(139.7) million for the year ended December 31, 2016 to RMB7.6 million for the year ended December 31, 2017, as a result of the aforementioned changes.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

Our revenue increased by 69.9% from RMB345.6 million for the year ended December 31, 2015 to RMB587.1 million for the year ended December 31, 2016. This increase was primarily due to (1) an increase in average revenue per business customer from approximately RMB16,701 in 2015 to approximately RMB18,691 in 2016, which was attributable to our business customers' enhanced level of engagement with us and increasing spending on our headhunter-assisted, closed-loop talent acquisition services, such as *Interview Express* (面試快) and *Onboarding Express* (入職快), which were introduced to our business customers in 2015 and 2016, respectively, and (2) the greater number of business customers we maintained and acquired during this period as a result of our improved sales coverage and more established branding.

Cost of Revenue

Our cost of revenue increased by 84.2% from RMB49.3 million for the year ended December 31, 2015 to RMB90.8 million for the year ended December 31, 2016. This increase was generally in line with our revenue increase during the same period as we continued to attract and serve our business customers and scale up our operations. Specifically, it was mainly driven by (1) a 229.9% increase in staff salaries and benefits as we deployed a new service team to support project execution; and (2) a 62.5% increase in service and project expenses as we continued to scale up our operations. The increase in service and project expenses was mainly attributable to (1) a higher volume of headhunter-assisted, closed-loop talent acquisition services, such as *Interview Express* (面試快), which resulted in an increase in related costs, (2) an increase in miscellaneous project costs as we carried out more talent acquisition projects for our business customers and to a lesser extent (3) an increase in rental expenses as we continued to increase our staff headcount which required us to enter into new leases.

Gross Profit

As a result of the foregoing, our gross profit increased by 67.5% from RMB296.3 million for the year ended December 31, 2015 to RMB496.3 million for the year ended December 31, 2016. Our gross margin decreased slightly from 85.7% for the year ended December 31, 2015 to 84.5% for the year ended December 31, 2016.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 18.2% from RMB407.9 million for the year ended December 31, 2015 to RMB482.3 million for the year ended December 31, 2016, mainly due to steady increase in (1) online and offline advertising and promotion spending and branding expenses as we continued to strengthen our brand reputation to attract users and customers, and (2) salaries and compensation paid to our

FINANCIAL INFORMATION

sales, sales support and marketing personnel. Our sales and marketing expenses as a percentage of revenue decreased significantly from 118.0% for the year ended December 31, 2015 to 82.1% for the year ended December 31, 2016, primarily due to substantial revenue growth outpacing our sales and marketing expenses increase in the same period, as a result of improved efficiency in our sales and marketing activities.

Research and Development Expenses

Our R&D expenses increased by 30.1% from RMB66.4 million for the year ended December 31, 2015 to RMB86.4 million for the year ended December 31, 2016, mainly due to increase in R&D headcount and salary rate. Our R&D expenses as a percentage of revenue decreased from 19.3% for the year ended December 31, 2015 to 14.7% for the year ended December 31, 2016, primarily as a result of a slower increase in R&D investment compared to substantial revenue growth in the same period.

General and Administrative Expenses

Our general and administrative expenses increased by 29.4% from RMB62.3 million for the year ended December 31, 2015 to RMB80.6 million for the year ended December 31, 2016, primarily due to increase in (1) salaries and benefits paid to general and administrative personnel, (2) impairment loss on trade receivables and (3) increased office spending as we rented more spaces to support our growing operation. Our general and administrative expenses as a percentage of revenue decreased from 18.0% for the year ended December 31, 2015 to 13.7% for the year ended December 31, 2016, primarily due to slower increase in general and administrative expenses compared to substantial revenue growth in the same period, as a result of improved operational efficiency.

Other Income

Other income increased by 468.8% from RMB1.6 million for the year ended December 31, 2015 to RMB9.1 million for the year ended December 31, 2016, largely as a result of increased income from our wealth management product investments and additional government grant received in 2016.

(Loss)/profit from operations

As a result of the foregoing, our (loss)/profit from operations decreased by 39.7% from RMB238.7 million for the year ended December 31, 2015 to RMB143.9 million for the year ended December 31, 2016.

Net Finance Income/(Cost)

Net finance income/(cost) decreased by 47.5% from RMB8.0 million for the year ended December 31, 2015 to RMB4.2 million for the year ended December 31, 2016, primarily as a result of a foreign currency exchange gain (including realized and unrealized foreign currency exchange gain), partially offset by a loss on fair value changes of convertible loans.

(Loss)/profit before taxation

As a result of the foregoing, our (loss)/profit before taxation decreased from RMB(230.7) million for the year ended December 31, 2015 to RMB(139.7) million for the year ended December 31, 2016.

Income Tax

There was no income tax expense for the years ended December 31, 2015 and December 31, 2016, as a result of our net loss before taxes in both of these years.

FINANCIAL INFORMATION

(Loss)/profit for the year

(Loss)/profit improved from a net loss of RMB(230.7) million for the year ended December 31, 2015 to RMB(139.7) million for the year ended December 31, 2016, as a result of the changes detailed above.

DISCUSSION OF CERTAIN KEY STATEMENT OF FINANCIAL POSITION ITEMS

The table below sets forth selected information from our combined statements of financial position as of the dates indicated, which have been extracted from our audited combined financial statements included in Appendix I to this prospectus:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Total current assets	250,313	688,144	872,536
Total current liabilities	499,863	709,591	554,009
Net current assets/(liabilities)	(249,550)	(21,447)	318,527
Total non-current assets	70,480	85,533	69,875
Total assets	320,793	773,677	942,411
Total liabilities	499,863	709,591	554,009
Net assets/(liabilities)	(179,070)	64,086	388,402
Share capital	1,000	2,375	31,785
Reserves	(180,070)	61,760	352,800
Equity attributable to the equity holders of the Company	(179,070)	64,135	384,585
Non-Controlling interests	—	(49)	3,817
Total equity	(179,070)	64,086	388,402
Total liabilities and equity	320,793	773,677	942,411

Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	April 30,
	(in RMB '000)			2018
Current assets				
Cash and cash equivalents	91,898	128,986	251,345	77,353
Trade receivables	2,737	4,414	18,462	26,284
Prepayments and other receivables	8,124	12,426	19,495	26,767
Receivables from related parties	1,830	2,820	2,000	3,400
Receivables from a shareholder	—	—	62,638	—
Time deposits with banks	—	416,151	398,586	386,697
Other current assets	145,724	123,347	120,010	181,794
Total current assets	250,313	688,144	872,536	702,295
Current liabilities				
Deferred revenue	254,800	320,269	443,790	472,062
Trade and other payables	73,441	87,030	108,215	93,637
Payables due to related parties	—	1,457	2,004	1,970
Convertible loans	171,622	300,835	—	—
Total current liabilities	499,863	709,591	554,009	567,669
Net current (liabilities)/assets	(249,550)	(21,447)	318,527	134,626

FINANCIAL INFORMATION

Our cash and cash equivalents decreased from RMB251.3 million as of December 31, 2017 to RMB77.4 million as of April 30, 2018 primarily as a result of our purchases of additional wealth management products in the amount of RMB60.0 million and cash consideration paid in the amount of RMB37.6 million and RMB55.0 million for our investments in MoSeeker and Unicareer, respectively.

Trade Receivables

Trade receivables represent outstanding amounts due from our business customers for the purchase of our talent acquisition services. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Trade receivables	4,156	8,245	25,600
Less: allowance for doubtful accounts	(1,419)	(3,831)	(7,138)
Trade receivables, net	2,737	4,414	18,462

Our net trade receivables increased by 61.3% from RMB2.7 million as of December 31, 2015 to RMB4.4 million as of December 31, 2016, and further by 318.3% to RMB18.5 million as of December 31, 2017. The 2015 to 2016 increase was generally in line with the total revenue growth in the same period. The 2016 to 2017 increase was due to (1) an increase in the number of our business customers and the resulting revenue increase, and (2) our provision of favorable credit terms to key business customers during this period.

The following table sets forth an aging analysis of our trade receivables, based on the invoice date and net of allowance of doubtful debts, as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Within 60 days	2,020	3,478	17,513
From 60 days to 1 year	717	936	949
Total trade receivables, net	2,737	4,414	18,462

Between December 31, 2017 and the Latest Practicable Date, we further settled RMB9.9 million of trade receivables, or 53.5% of the trade receivables balance as of December 31, 2017.

We typically grant credit terms of 30 to 90 days to key business customer accounts. We assess the credit terms on a case-by-case basis taking into account the business customer's creditworthiness, prior dealing history and additional customer-specific information and the industry and economic environment where our business customers operate. For trade receivables that remain outstanding for more than one year after the invoice date, we will provide allowance for these doubtful accounts.

FINANCIAL INFORMATION

Prepayments and Other Receivables

Prepayment and other receivables include prepayments to suppliers, interest receivables (i.e., generated from deposits made in the last quarter or month in the current year with interest to be received in the next fiscal year) and other receivables that are neither trade related nor from related parties, such as lease deposits. The following table sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Prepayments to suppliers	6,337	8,628	12,273
Other receivables	1,787	1,294	3,510
Interest receivable	—	2,504	3,712
Total prepayments and other receivables	<u>8,124</u>	<u>12,426</u>	<u>19,495</u>

Our prepayments and other receivables increased by 53.0% from RMB8.1 million as of December 31, 2015 to RMB12.4 million as of December 31, 2016, and further by 56.9% to RMB19.5 million as of December 31, 2017. Our growing business operation necessitated a higher frequency of dealing with suppliers and third parties, which drove the increases in our prepayment and other receivables.

Receivables from a Shareholder

In 2017, the shareholder loan from Ningbo Qixin Equity Investment Partnership (“Ningbo Qixin”) was converted to the shares of Wisest. To facilitate its capital injection, we repaid Ningbo Qixin RMB62.6 million in cash in the conversion process. However, Ningbo Qixin had not injected the amount back to the Group as of December 31, 2017. The Group recorded this re-investment to be received as receivable from a shareholder at RMB62.6 million. As of the Latest Practicable Date, all of the receivables from a shareholder had been settled.

Other Current Assets

Our other current assets include rental deposits, VAT recoverable within a year and investment in wealth management products. The following table sets forth our other current assets as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Rental deposits.....	5,826	8,803	10,072
VAT recoverable	9,898	14,544	9,938
Investment in wealth management products	130,000	100,000	100,000
Total other current assets	<u>145,724</u>	<u>123,347</u>	<u>120,010</u>

Our other current assets decreased by 15.4% from RMB145.7 million as of December 31, 2015 to RMB123.3 million as of December 31, 2016, and further by 2.7% to RMB120.0 million as of December 31, 2017. The relatively significant decrease from 2015 and 2016 was mainly driven by a reduction of our investment in wealth management products, which was caused by our increased cash needs during the period. The relatively flat change from 2016 to 2017 was caused by a decrease in VAT recoverable, offset by a slight increase in rental deposits during the period resulting from normal rent inflation. Please see “Financial Information — Liquidity and Capital Resources” for a more detailed discussion of our investment policies regarding wealth management products.

FINANCIAL INFORMATION

Deferred Revenue

Deferred revenue represents advance payments for our services that we receive from our business customers purchasing our talent acquisition services.

Our deferred revenue increased by 25.7% from RMB254.8 million as of December 31, 2015 to RMB320.3 million as of December 31, 2016, and further by 38.6% to RMB443.8 million as of December 31, 2017, primarily due to growth in subscription fees received upfront which were expected to be recognized within 12 months in accordance with the typical terms of the subscription agreements we entered into with our business customers.

Trade and Other Payables

Trade and other payables represent outstanding trade payables to suppliers in connection with providing transaction-based talent acquisition services, salaries and welfare payable, other tax payables (i.e., VAT) and other payables, which are mostly related to purchases of fixed assets and advertisement. The following table sets forth our trade and other payables as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Trade payables to third parties	13,854	9,787	16,047
Salary and welfare payable	47,146	49,556	68,536
Other tax payables.....	6,245	15,198	12,967
Other payables.....	6,196	12,489	10,665
Total trade and other payables	73,441	87,030	108,215

Our trade and other payables increased by 18.5% from RMB73.4 million as of December 31, 2015 to RMB87.0 million as of December 31, 2016, primarily due to a higher other tax payables and other payables as a result of (1) VAT payable due to increase in sales and (2) unpaid staff reimbursement and professional service fees as of December 31, 2016.

Our trade and other payables increased by 24.3% from RMB87.0 million as of December 31, 2016 to RMB108.2 million as of December 31, 2017, primarily caused by increases in trade payable to suppliers and salary and welfare payable, which resulted from the growth of talent acquisition services we provided during the period and a higher staff count, partially offset by a decrease in other tax payables and other payables.

The following table sets forth an aging analysis of our trade payables to third parties, based on the invoice date, as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB'000)		
Within 30 days	11,696	6,830	14,184
From 30 days to 1 year	2,158	2,957	1,863
Total trade payables to third parties	13,854	9,787	16,047

Between December 31, 2017 and the Latest Practicable Date, we further settled RMB16.0 million of trade payables, or 99.6% of the trade payables balance as of December 31, 2017.

We were typically granted credit terms of up to 30 days by our suppliers during the Track Record Period.

FINANCIAL INFORMATION

Convertible Loans

Convertible loans are third-party loans which can be converted into the shares of Wisest according to their terms. The term of the convertible loans is one year from the day the Company receives all the borrowed funds, and it can be extended. The Group received convertible loans in the amount of RMB180.0 million and RMB372.6 million in 2015 and 2016, respectively. All of these loans were converted to shares by the end of 2017. The following table sets forth our convertible loans as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Beginning fair value of convertible loans	—	171,622	300,835
Add: Additions	180,000	372,638	—
Less: fair value loss / (gain)	(8,378)	17,678	1,502
Less: convert to shares	—	(261,103)	(302,337)
Ending fair value of convertible loans	<u>171,622</u>	<u>300,835</u>	<u>—</u>

Our convertible loans increased by 75.3% from RMB171.6 million as of December 31, 2015 to RMB300.8 million as of December 31, 2016, primarily due to receipt of additional convertible loans from our investors, partially offset by the conversion of existing convertible loans into our shares.

Our convertible loans decreased by 100% from RMB300.8 million as of December 31, 2016 to nil as of December 31, 2017, primarily due to conversion of all outstanding convertibles loans to shares.

Non-Current Assets

The following table sets forth our non-current assets as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Non-current assets			
Property, plant and equipment	55,305	59,967	22,614
Investment properties	—	—	29,096
Intangible assets	5,515	10,706	8,605
Available-for-sale financial assets	7,700	11,500	6,200
Other non-current assets	1,960	3,360	3,360
Total non-current assets	<u>70,480</u>	<u>85,533</u>	<u>69,875</u>

FINANCIAL INFORMATION

Property, Plant and Equipment

Property, plant and equipment primarily include buildings and structure, office equipment and others, motor vehicles and leasehold improvements. The following table sets forth the book values of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Buildings and structure	32,529	32,529	—
Office equipment and others.....	20,408	27,388	29,717
Motor vehicles.....	611	1,658	2,106
Leasehold improvements	14,691	22,714	24,755
Less: accumulated depreciation at end of year	(12,934)	(24,322)	(33,964)
Net book value of property, plant and equipment.....	<u>55,305</u>	<u>59,967</u>	<u>22,614</u>

The gross book value of our property, plant and equipment increased by 23.5% from RMB68.2 million as of December 31, 2015 to RMB84.3 million as of December 31, 2016, primarily due to acquisition of office equipment and additions of leasehold improvement during 2016.

The gross book value of our property, plant and equipment decreased by 32.9% from RMB84.3 million as of December 31, 2016 to RMB56.6 million as of December 31, 2017, primarily due to transfer of the entire buildings and structure book balance to investment property in 2017, partially offset by acquisition of office equipment and leasehold improvements in 2017.

Accumulated depreciation increased 88.0% from RMB12.9 million in 2015 to RMB24.3 million in 2016, and further by 39.6% to RMB34.0 million in 2017. The different increase of accumulated depreciation (or depreciation expense during the year) over the two years was mainly due to a lower depreciation base in 2017 resulting from transfer of buildings and structure to investment property.

Investment Properties

Investment properties represent buildings which are owned to earn rental income and/or for capital appreciation. We determine whether a property qualifies as an investment property on the condition that if a property is held to earn rentals or for capital appreciation or both. The building we purchased previously for office use (listed under “buildings and structure” of property, plant and equipment in 2015 and 2016) was re-purposed for investment (i.e., earning rent) in 2017 due to it not meeting our space needs.

Intangible Assets

Intangible assets mainly represent the software we purchase or the expenditure we capitalize for the development cost of software. The following table sets forth the net book values of our intangible assets as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Software and others	4,116	13,423	13,431
Capitalized development costs	2,277	—	—
Less: accumulated amortization at end of year	(878)	(2,717)	(4,826)
Net book value of intangible assets	<u>5,515</u>	<u>10,706</u>	<u>8,605</u>

FINANCIAL INFORMATION

Net book value of our intangible assets increased by 94.1% from RMB5.5 million as of December 31, 2015 to RMB10.7 million as of December 31, 2016, primarily due to an increase in the balance of software and others, which was caused by our purchase of additional software during the period, partially offset by increase in amortization.

Net book value of our intangible assets decreased by 19.6% from RMB10.7 million as of December 31, 2016 to RMB8.6 million as of December 31, 2017, primarily due to amortization expense of intangible assets.

Available-for-Sale Financial Assets

The available-for-sale financial assets held by the Group are minority equity investments (with less than 10% equity ownership) in certain PRC companies in related industries that are measured at fair value. The following table sets forth our available-for-sale financial assets as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Available-for-sale financial assets	7,700	11,500	10,000
Less: impairment	—	—	(3,800)
Available-for-sale financial assets, net	7,700	11,500	6,200

Our available-for-sale financial assets increased by 49.4% from RMB7.7 million as of December 31, 2015 to RMB11.5 million as of December 31, 2016, as a result of additional minority investments in certain PRC investee companies during the period.

Our available-for-sale financial assets decreased by 46.1% from RMB11.5 million as of December 31, 2016 to RMB6.2 million as of December 31, 2017, primarily due to impairment loss caused by deterioration in the business prospect of one of our investee companies.

Other Non-current Assets

Other non-current assets are advertisement deposits, which have a settlement term longer than a year.

Our other non-current assets increased by 71.4% from RMB2.0 million as of December 31, 2015 to RMB3.4 million as of December 31, 2016, and stayed flat from 2016 to 2017. This trend of change in advertisement deposits is consistent with our sales and marketing efforts during the same periods, as we increased spending on branding in 2016 to strengthen our brand, but optimized marketing spending in 2017 to rely on our established brand.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	For the year ended December 31,		
	2015	2016	2017
Total revenue growth (%)	N/A	69.9	40.5
Gross margin ⁽¹⁾ (%).....	85.7	84.5	84.0
Net margin ⁽²⁾ (%).....	(66.8)	(23.8)	0.9
Adjusted net margin ⁽³⁾ (%)	(64.4)	(21.9)	2.0

FINANCIAL INFORMATION

Notes:

- (1) Gross margin equals gross profit divided by revenues for the year and multiplied by 100%.
- (2) Net margin equals (loss)/profit divided by revenues for the year and multiplied by 100%.
- (3) Adjusted net margin equals adjusted (loss)/profit for the year divided by revenue for the year and multiplied by 100%. For the reconciliation from (loss)/profit to adjusted (loss)/profit, please refer to the paragraphs headed “Non-IFRS Measure.”

See the paragraphs headed “Year Ended December 31, 2016 Compared to Year Ended December 31, 2015” and “Year Ended December 31, 2017 Compared to Year Ended December 31, 2016” in this section for a discussion of the factors affecting our results of operations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from operating cash flows, capital contribution from shareholders and financing through issuance and sale of our shares in private placement transactions.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. We seek to conduct the Global Offering and list our shares on the Stock Exchange as we wish to access Hong Kong’s global capital markets platform to further diversify our future financing sources. Although we currently do not have any plans for material additional external debt or equity financing, we will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

We had cash and cash equivalents of RMB91.9 million, RMB129.0 million and RMB251.3 million as of December 31, 2015, 2016 and 2017, respectively. We use part of our cash for rent deposits, which are usually returned to us at the end of a lease not longer than a year. We generally deposit our excess cash in time deposits, which are bank deposits with original maturities within one year and short-term investments, which are principal-protected wealth management products issued by banks in China with variable interest rate and terms not longer than one year. The primary objective of short-term investments is to generate finance income at a yield higher than current deposit bank interest rates, with an emphasis on capital preservation. Our investment decisions were made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to the market conditions, the anticipated investment conditions, the investment costs, the duration of the investment and expected benefit and potential loss of the investment.

We had negative net current assets (defined as total current assets deducted by total current liabilities) as of December 31, 2015 and 2016, and a positive net current assets balance as of December 31, 2017. Before 2017, we were not profitable and we had not generated positive net cash flows when we were at an early stage of monetization and had incurred significant sales and marketing and R&D expenses. A substantial majority of our total current liabilities is in the form of deferred revenue for our subscription service packages sold to our business customers purchasing our talent acquisition services. The increase in deferred revenue was primarily a result of the larger volume of transactions we conducted with our business customers on our platform.

Our barely positive net current assets will restrict our liquidity position and have a negative impact on our ability to repay current liabilities.

FINANCIAL INFORMATION

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,		
	2015	2016	2017
	(in RMB '000)		
Net cash (used in)/generated from operating activities	(80,423)	(62,039)	190,978
Net cash used in investing activities	(145,168)	(384,216)	(9,705)
Net cash generated from/(used in) financing activities	260,114	483,173	(57,325)
Net increase/(decrease) in cash and cash equivalents	34,523	36,918	123,948
Effect of foreign exchange rate changes	—	170	(1,589)
Cash and cash equivalents at the beginning of the year	57,375	91,898	128,986
Cash and cash equivalents at the end of the year	<u>91,898</u>	<u>128,986</u>	<u>251,345</u>

Net Cash (used in)/generated from Operating Activities

Net cash (used in)/generated from operating activities primarily comprises our (loss)/profit before tax for the period adjusted by income tax paid and non-cash items, such as share-based compensation, depreciation and amortization, and adjusted by changes in working capital, such as trade and other receivables and trade and other payables. The fluctuations of net cash used in operating activities largely correspond to the changes in our adjusted loss for the year/period.

For the year ended December 31, 2017, net cash (used in)/generated from operating activities was RMB191.0 million, which was attributable to our (loss)/profit before income tax of RMB7.6 million, as adjusted by (i) the add-back of non-cash items primarily comprising share-based compensation of RMB9.1 million, impairment losses on trade receivables of RMB3.3 million and impairment losses on available-for-sale financial assets of RMB3.8 million (principally caused by downturn in business prospect of one investee company); (ii) depreciation of property and equipment of RMB13.6 million and amortization on intangible assets of RMB2.1 million; (iii) net finance cost of RMB18.3 million (principally caused by loss on foreign currency exchange due to unfavorable US dollar/RMB exchange rate movement) and investment income of RMB2.8 million; and (iv) changes in working capital, which primarily comprised an increase in deferred revenue of RMB123.5 million, an increase in trade and other payables of RMB21.6 million, interest received of RMB7.7 million, and an increase in trade receivables of RMB17.3 million (all of which were attributable to increased volume of talent acquisition services provided during the period).

For the year ended December 31, 2016, net cash (used in)/generated from operating activities was RMB(62.0) million, which was attributable to our (loss)/profit before income tax of RMB(139.7) million, as adjusted by (i) the add-back of non-cash items primarily comprising share-based compensation of RMB11.2 million and impairment losses on trade receivables of RMB2.4 million; (ii) depreciation of property and equipment of RMB11.7 million and amortization on intangible assets of RMB1.8 million; (iii) net finance income of RMB4.4 million (principally as a result of a foreign currency exchange gain) and investment income of RMB8.3 million; and (iv) changes in working capital, which primarily comprised an increase in deferred revenue of RMB65.4 million, an increase in trade and other payables of RMB15.0 million, an increase in trade receivables of RMB4.1 million and an increase in other receivables and assets of RMB14.1 million (all of which were attributable to increased volume of talent acquisition services provided to our business customers during the period).

For the year ended December 31, 2015, net cash (used in)/generated from operating activities was RMB(80.4) million, which was attributable to our (loss)/profit before income tax of RMB(230.7) million, as adjusted by (i) the add-back of non-cash items primarily comprising share-based compensation of RMB8.3 million and impairment losses on trade receivables of RMB1.0 million; (ii) depreciation of property and equipment of RMB7.0 million and amortization on intangible assets of RMB0.6 million; (iii) net finance income

FINANCIAL INFORMATION

of RMB8.2 million and investment income of RMB1.5 million; and (iv) changes in working capital, which primarily comprised an increase in deferred revenue of RMB114.9 million, an increase in trade and other payables of RMB38.4 million, an increase in trade receivables of RMB2.3 million and an increase in other receivables and assets of RMB8.1 million (all of which were attributable to bigger scale of operations and higher frequency of transactions during the period).

Net Cash used in Investing Activities

For the year ended December 31, 2017, net cash used in investing activities was RMB9.7 million, which was mainly attributable to proceeds from maturity of time deposits with banks of RMB745.0 million, placement of new time deposits with banks of RMB751.5 million, payment for property, plant and equipment, intangible assets and leasehold improvement of RMB6.0 million and investment income received of RMB2.8 million.

For the year ended December 31, 2016, net cash used in investing activities was RMB384.2 million, which was mainly attributable to placement of new time deposits with banks of RMB397.6 million, net proceeds from sale of wealth management products of RMB30.0 million, acquisition of available-for-sale financial assets of RMB3.8 million, payment for property, plant and equipment, intangible assets and leasehold improvement of RMB21.2 million and investment income received of RMB8.3 million.

For the year ended December 31, 2015, net cash used in investing activities was RMB145.2 million, which was mainly attributable to net payment for purchase of wealth management products of RMB130.0 million, acquisition of available-for-sale financial assets of RMB7.7 million, payment for property, plant and equipment, intangible assets and leasehold improvement of RMB9.1 million and investment income received of RMB1.5 million.

Net Cash generated from/(used in) Financing Activities

For the year ended December 31, 2017, net cash generated from/(used in) financing activities was RMB(57.3) million, which primarily comprised repayment of convertible loans of RMB92.6 million and capital injection from owners (including non-controlling owners) of RMB35.3 million.

For the year ended December 31, 2016, net cash generated from/(used in) financing activities was RMB483.2 million, which primarily comprised proceeds from convertible loans of RMB372.6 million, deemed distribution arising from reorganization, repayment of convertible loans of RMB250.0 million and capital injection from owners (including non-controlling owners) of RMB708.7 million.

For the year ended December 31, 2015, net cash generated from/(used in) financing activities was RMB260.1 million, which primarily comprised proceeds from convertible loans of RMB180.0 million, repayment of bank loans of RMB48.5 million, proceeds from bank loans of RMB29.1 million and capital injection from owners of RMB100.0 million.

INDEBTEDNESS

As of December 31, 2015 and 2016, we had convertible loans valued at RMB171.6 million and RMB300.8 million, respectively. We had no convertible loans as of December 31, 2017 and April 30, 2018 as they had all been converted to shares by the end of 2017. These convertible loans are third-party loans that can be converted into Wisest shares by their terms, with an extendable maturity of one year from the date of funding. Interest rate on the convertible loans rises from 0% during the first year to 10% on an annualized basis afterwards. Please refer to “Financial Information — Discussion on Certain Key Statement Of Financial Position Items — Convertible Loans.”

FINANCIAL INFORMATION

We had no unutilized banking facilities as of April 30, 2018, being the latest practicable date for our indebtedness statement.

CONTINGENT LIABILITIES

As of December 31, 2015, 2016 and 2017 and April 30, 2018, being the latest practicable date for our indebtedness statement, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

The following table sets forth our capital expenditures and long-term investments for the periods indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Payment for property, plant and equipment and intangible assets.....	9,051	21,209	5,972
Acquisition of available-for-sale financial assets	7,700	3,800	—
Total capital expenditures and long-term investments	16,751	25,009	5,972

Our historical capital expenditures during the Track Record Period primarily included expenditure for purchases of property, plant and equipment and intangible assets such as servers and computers and intangible assets such as computer software. Over the Track Record Period, we have invested an aggregate of approximately RMB11.5 million in different companies that have technologies or businesses that supplement and benefit our business. We funded our capital expenditure requirements and long-term investments during the Track Record Period mainly from capital contributions from our shareholders and issuance of shares in private placement transactions. Our capital expenditures and long-term investments amounted to RMB16.8 million, RMB25.0 million and RMB6.0 million for the years ended December 31, 2015, 2016 and 2017, respectively.

Our capital expenditure for the year ending December 31, 2018 is expected to amount to up to RMB10.0 million, which will be primarily used for office renovation. We plan to fund our planned capital expenditures and long-term investments using cash flows generated from our operations and the net proceeds received from the Global Offering. See the section headed “Future Plans and Use of Proceeds” for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

See “Business — Risk Management and Internal Control — Investment Risk Management Policy” for a discussion of our investment policy and investment risk management.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2015, 2016 and 2017, we did not have any material capital commitments.

FINANCIAL INFORMATION

Operating Lease Commitments

We lease all of our offices under non-cancellable operating lease agreements with terms that typically run for one to five years. A majority of these lease agreements are renewable at the end of the lease at market rates. The following table sets forth our operating lease commitments by lease term as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	(in RMB '000)		
Within 1 year.....	18,394	28,290	31,361
Later than 1 year and not later than 5 years.....	15,488	65,940	70,454
Total	<u>33,882</u>	<u>94,230</u>	<u>101,815</u>

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of December 31, 2017, we have not entered into any off-balance sheet commitments or arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we have not entered into any material related party transactions. For more details about our related party transactions, see Note 28 to the Accountants' Report included in Appendix I to this prospectus.

Our Directors confirm that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risks (such as foreign exchange risk), credit risk and liquidity risk.

Foreign Exchange Risk

Our transactions are denominated and settled in its functional currency, RMB. Our subsidiaries and PRC operating entities primarily operate in China and are exposed to foreign exchange risk primarily through deposit on bank which gives rise to cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US dollars. We did not hedge against any fluctuation in foreign currency during the Track Record Period.

Our PRC subsidiaries and PRC operating entities all have RMB as their functional currency. For the sensitivity analysis of the change on the exchange rate, please see Note 26(c)(iii) to the Accountants' Report included in Appendix I to this prospectus.

For the years ended December 31, 2015, 2016 and 2017, we had foreign currency exchange gain/(loss) (both realized and unrealized) of RMB3.6 thousand, RMB18.7 million and RMB(25.7) million, respectively, recognized as net finance income/(loss) in the combined statements of profit or loss. The foreign currency exchange gain/(loss) for the year ended December 31, 2017 was mainly attributable to unfavorable US dollar/RMB exchange rate movement's impact on our time deposits.

FINANCIAL INFORMATION

Credit Risk

Our credit risk is primarily attributable to bank deposits, prepayments, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Bank deposits are placed with reputable banks and financial institutions.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We do not have significant concentration of debtors as of December 31, 2015, 2016 and 2017.

Further quantitative disclosures in respect of our exposure to credit risk arising from trade receivables are set out in Note 15 to the Accountants' Report included in Appendix I to this prospectus.

Liquidity Risk

Individual operating entities within we are responsible for their own management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

For the analysis of our non-derivative financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period on each reporting period end date to the contractual maturity date, please see Note 26(b) to the Accountants' Report included in Appendix I to this prospectus.

FUTURE DIVIDENDS

We have no policy for future dividend payments. Under the Articles of Association, our Company in general meeting may declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Articles of Association provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. We did not declare any dividend for the years ended December 31, 2015, 2016 and 2017.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in

FINANCIAL INFORMATION

other jurisdictions, including IFRS. PRC laws also require a foreign-invested enterprise, to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

The amount of dividend actually distributed to our shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has the absolute discretion to recommend any dividend.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us including our cash and cash equivalents on hand and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2017, we did not have any distributable reserves.

LISTING EXPENSE

Based on the mid-point Offer Price of HK\$32.00, the total estimated listing related expenses payable by us in relation to the Global Offering is approximately RMB109.74 million (or approximately RMB41.33 million after excluding underwriting commission of approximately RMB68.41 million). For the years ended December 2015, 2016 and 2017, we did not recognize or charge to our combined statements of profit or loss any of such expenses. We estimate that listing expenses of RMB34.72 million will be charged to our combined statements of profit or loss and other comprehensive income for the year ending December 31, 2018. The balance of approximately RMB75.02 million, which includes underwriting commission, is expected to be capitalized. These listing expenses mainly comprise professional fees paid and payable to the Joint Sponsors, Joint Bookrunners, the Underwriters, legal advisors and the reporting accountants for their services rendered in relation to the Listing and the Global Offering.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of our Group as of December 31, 2017 as if the Global Offering had taken place on that date. The unaudited proforma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets had the Global Offering been completed as of December 31, 2017 or at any future date. It is prepared based on our combined net assets as of December 31, 2017 as set forth in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2017. Our unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report in Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this prospectus, there has been no material

FINANCIAL INFORMATION

adverse change in our financial or trading position or prospects since December 31, 2017, being the end date of the periods reported on in the Accountants' Report included in Appendix I to this prospectus, and there is no event since December 31, 2017 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at December 31, 2017, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimated net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

Assuming an Offer Price of HK\$32.00 per Offer Share (being the mid-point of the Offer Price range stated in this Prospectus)	HK\$2,681.78 million
Assuming an Offer Price of HK\$35.50 per Offer Share (being the high end of the Offer Price range stated in this Prospectus)	HK\$2,979.75 million
Assuming an Offer Price of HK\$28.50 per Offer Share (being the low end of the Offer Price range stated in this Prospectus)	HK\$2,383.81 million

The Over-allotment Option Grantors will be responsible for the underwriting commissions attributable to any Shares that they will sell upon any exercise of the Over-allotment Option, together with Stock Exchange trading fees, SFC transaction levy and any applicable fees in respect of such shares.

We intend to use the net proceeds of the Global Offering for the following purposes:

- (i) approximately HK\$1,072.71 million (equivalent to approximately RMB877.05 million, representing 40% of the net proceeds) is expected to be used to further enhance our R&D capabilities and product offerings, including but not limited to:

<u>Allocation of net proceeds</u>	<u>R&D and product development projects</u>	<u>Expected timeframe</u>
10% of the estimated net proceeds	To further improve (i) the accuracy and relevance of our job/candidate matching and recommendations and (ii) other career-related content recommendation and professional social network functions for our individual users, all of which will primarily be implemented through hiring additional employees specialized in AI and data technologies to improve our existing matching algorithm	To be gradually carried out over the next 12 to 24 months
10% of the estimated net proceeds	To develop our AI-empowered voice and facial expression recognition / cognitive assessment technology to introduce smart robots to interview potential job candidates, which, if successfully developed, will further improve our service quality and efficiency	To launch new functions in the next 12 to 18 months

FUTURE PLANS AND USE OF PROCEEDS

Allocation of net proceeds	R&D and product development projects	Expected timeframe
10% of the estimated net proceeds	To further explore and develop online corporate training and HR management services to diversify our service offerings to our business customers to continue drive monetization	To introduce new service offerings in the next 18 to 24 months
10% of the estimated net proceeds	To recruit qualified engineers to further optimize our own IT infrastructure on an ongoing basis to further improve the efficiency and security of our operating system	To be gradually carried out over the next two to three years

During the Track Record Period and up to the Latest Practicable Date, we had not yet incurred any material expenses in connection with these new R&D initiatives due to our limited capital resources and significant investment made to expand our user base, product offerings and operating scale. Going forward, we believe that the net proceeds received from the Global Offering will provide us with sufficient funding to carry out our R&D initiatives to improve our service quality and maintain our leadership.

- (ii) approximately HK\$670.44 million (equivalent to approximately RMB548.16 million, representing 25% of the net proceeds) is expected to be used over the next two to three years to selectively pursue acquisitions of or investments in assets and businesses which are complementary to our business and support our growth strategies, such as: (i) businesses that possess cutting-edge technologies such as AI and big data analytics; (ii) businesses with proven monetization models in providing online talent acquisition solutions. As of the date of this Prospectus, we have not yet identified any specific target or engaged in any transactions relation to a potential acquisition or investment;
- (iii) approximately HK\$670.44 million (equivalent to approximately RMB548.16 million, representing 25% of the net proceeds) is expected to be used over the next two to three years to continue to improve and implement our sales and marketing initiatives to (i) expand our user and customer base and increase spending by our existing customers, including prudent expansion of our sales force to retain our fast-growing existing customer base, and to acquire new business customers by further penetrating into cities where we already have a presence including major cities in the Yangtze River Delta and Greater Pearl River Delta regions and expanding our coverage to cover more populous cities such as Nanchang, Hefei, Jinan and Changsha and investment in their training and development, and (ii) to a lesser extent, continued optimization of our online advertising and promotion activities to provide more targeted and accurate marketing through developing and deploying technology; and
- (iv) approximately HK\$268.18 million (equivalent to approximately RMB219.26 million, representing 10% of the net proceeds) is expected to be used over the next two to three years for working capital and general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range.

To the extent our net proceeds are either more or less than expected, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments with banks or financial institutions in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

If the Over-allotment Option is fully exercised, the Over-allotment Option Grantors will receive net proceeds of approximately HK\$408.67 million for 13,200,000 Shares to be sold and transferred upon the full exercise of the Over-allotment Option based on the Offer Price of HK\$32.00 per Offer Share, being the mid-point of the Offer Price range, and after deducting the underwriting fees and commissions payable by the Over-allotment Option Grantors.

We will not receive any of the proceeds from the Shares to be sold pursuant to any exercise of the Over-allotment Option.

UNDERWRITING

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
J.P. Morgan Securities (Asia Pacific) Limited
Huatai Financial Holdings (Hong Kong) Limited
UBS AG Hong Kong Branch

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement entered into on June 15, 2018, we are offering 8,800,000 Hong Kong Public Offer Shares (subject to adjustment) for subscription by the public in Hong Kong on the terms and subject to the conditions in this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned in this Prospectus (including any additional Shares which may be issued pursuant to any exercise of options which may be granted under the Pre-IPO Share Option Scheme) and such approval not having been withdrawn, and to (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to subscribe, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Public Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the Cayman Islands, the United States, the PRC, the United Kingdom, any member of the European Union, Switzerland, Japan, Singapore or any other jurisdiction relevant to any member of the Group (collectively, the “**Relevant Jurisdictions**”); or

UNDERWRITING

- (ii) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, investment markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of the Company or of any other member of the Group listed or quoted on a stock exchange or an over-the-counter market; or
- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), Japan, Singapore or any other Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (vi) any new law, or any change or any development involving a prospective change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vii) the imposition of economic sanctions in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (viii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, the U.S. dollar or the Renminbi against any foreign currencies), or the implementation of any more restrictive exchange control, in any of the Relevant Jurisdictions; or
- (ix) any proceedings (as defined in the Hong Kong Underwriting Agreement) of any third party being threatened or instigated against any member of the Group; or
- (x) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman and chief executive officer of the Company vacating his office; or
- (xii) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

UNDERWRITING

- (xiii) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (xiv) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (xv) non-compliance of this Prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xvi) the issue or requirement to issue by the Company of any supplement or amendment to this Prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or
- (xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity, which is legally enforceable; or
- (xviii) any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this Prospectus; or
- (xix) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators and the Joint Sponsors (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Global Coordinators or the Joint Sponsors:
 - (i) that any statement contained in any of the offering documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the offering documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on

UNDERWRITING

behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions in any material respect; or

- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from any of the offering documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (iii) any breach of any of the material obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters or the International Underwriters); or
- (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or
- (v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group; or
- (vi) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties stated in the Hong Kong Underwriting Agreement; or
- (vii) approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) the Company withdraws this Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering,

then the Joint Global Coordinators (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except:

- (a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or
- (b) pursuant to the Global Offering.

UNDERWRITING

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the offer and issue of the Offer Shares pursuant to the Global Offering, any Shares to be issued pursuant to any exercise of options which may be granted under the Pre-IPO Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is six months after the Listing Date (the “**First Six-Month Period**”), we will not, and will procure that each other member of our Group will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company, with a depository in connection with the issue of depository receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares, debt capital or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree or announce, or publicly disclose, any intention to effect any transaction described in (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company, or in cash or otherwise (whether or not such allotment or issue of the Shares or securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months commencing on the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in our Shares or any other securities of our Company.

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each Controlling Shareholder has undertaken to each of the Stock Exchange and our Company that, except pursuant to the Global Offering or the Stock Borrowing Agreement, he or it shall not and shall procure that the relevant registered holder(s) (if any) shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the Listing Rules:

- (i) in the period commencing on the date by reference to which disclosure of his or its shareholding is made in this Prospectus and ending on the date which is six months from the Listing Date, dispose of,

UNDERWRITING

or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this Prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the “**Relevant Securities**”); and

- (ii) in the period of six months commencing from the expiry of the period referred to in paragraph (i) above, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

In addition, in accordance with Note 3 to Rule 10.07 of the Listing Rules, each Controlling Shareholder has undertaken to the Stock Exchange and our Company that, during the period commencing on the date by reference to which disclosure of its shareholding is made in this Prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

- (a) when he or it pledges or charges any Shares beneficially owned by he or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when he or it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Each Controlling Shareholder has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, so long as Mr. Dai remains as the chief executive officer and/or the Chairman of the Board, save as pursuant to the Global Offering and the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, he or it will not, and procure that none of its affiliates will not, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is twelve months after the Listing Date (the “**Lock-up Period**”):

- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

UNDERWRITING

- (iv) offer to or agree to or announce, or publicly disclose, any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company (whether or not the issue of such Shares or other securities of the Company will be completed within the Lock-Up Period).

Without limiting the above, each Controlling Shareholder has further undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, he or it will, at any time during the Lock-up Period:

- (i) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of the Company beneficially owned by him/it for a bona fide commercial loan, immediately inform the Company, the Joint Global Coordinators, the Joint Sponsors and the Joint Bookrunners in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (ii) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of the Company will be disposed of, immediately inform the Company, the Joint Global Coordinators, the Joint Sponsors and the Joint Bookrunners in writing of such indications.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an aggregate amount of HK\$70.40 million as underwriting commission in the Global Offering (assuming no exercise of the Over-allotment Option). In addition, at the discretion of our Company, the Joint Sponsors may also receive an incentive fee of up to 0.75% of the aggregate Offer Price in respect of all Offer Shares.

Assuming the Over-allotment Option is not exercised, without taking into account any Shares to be allotted and issued upon the exercise of the options which may be granted under the Pre-IPO Share Option Scheme and based on an Offer Price of HK\$32.00 (being the mid-point of our Offer Price range stated in this Prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Share, SFC transaction levy of 0.0027% per Share, brokerage fee, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$134.22 million.

An aggregate amount of US\$1,000,000 is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

UNDERWRITING

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters and the Over-allotment Option Grantors. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally but not jointly, agree to procure purchasers for, or to purchase, the International Offering Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offering Shares. Please refer to the section headed “Structure of the Global Offering — The International Offering” for details.

Over-allotment Option and Stabilization

For more details of the arrangements relating to the Over-allotment Option and stabilization, please see the section headed “Structure of the Global Offering” in this Prospectus.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Public Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as “Syndicate Members,” may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- a. under the agreement among the Syndicate Members, all of them (except for the Stabilization Manager or its designated affiliate as the Stabilization Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- b. all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking,

UNDERWRITING

brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

- (a) the Hong Kong Public Offering of initially 8,800,000 Offer Shares (subject to adjustment) in Hong Kong as described below in the section headed “— The Hong Kong Public Offering”; and
- (b) the International Offering of initially 79,200,000 Offer Shares (subject to adjustment and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the US Securities Act.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 8,800,000 Hong Kong Public Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Public Offer Shares will represent approximately 1.78% of our Company’s enlarged issued share capital immediately after completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed “— Conditions of the Hong Kong Public Offering.”

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The total number of Hong Kong Public Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes:

Pool A: The Hong Kong Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with a total subscription price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Pool B: The Hong Kong Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with a total subscription price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

For the purpose of this sub-section only, the “subscription price” for Hong Kong Public Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Public Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Public Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 4,400,000 Hong Kong Public Offer Shares (being 50% of the 8,800,000 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEx-GL91-18 issued by the Stock Exchange require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if the Offer Shares under the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 26,400,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering.
- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 35,200,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering.
- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 44,000,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators (for themselves and on behalf of the Underwriters) deem appropriate.

In addition, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, in their discretion, reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If (i) the Offer Shares under the International Offering are fully subscribed or oversubscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100%, but less than 15 times, of the number of Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering; or (ii) the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering, the Joint Global Coordinators may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Public Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 17,600,000 Offer Shares, representing two times the number of Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global Offering in accordance with Guidance Letter HKEx-GL91-18 issued by the Hong Kong Stock Exchange, and the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e., HK\$28.50 per Offer Share) stated in this Prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$35.50 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed “— Pricing and Allocation” below, is less than the maximum price of HK\$35.50 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for Hong Kong Public Offer Shares.”

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 79,200,000, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the

STRUCTURE OF THE GLOBAL OFFERING

International Offering will represent approximately 15.98% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme.

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of our Company by the International Purchasers or through selling agents appointed by them. International Offer Shares will be selectively placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in the section headed "— Over-allotment Option", and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that the Over-allotment Option Grantors will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Stabilization Manager and in consultation with the Joint Global Coordinators.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Stabilization Manager and in consultation with the Joint Global Coordinators at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require the Over-allotment Option Grantors to sell up to 13,200,000 additional Offer Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the

STRUCTURE OF THE GLOBAL OFFERING

International Offering, to cover over-allocations in the International Offering, if any. The two Over-allotment Option Grantors, namely Giant Lilly and Matrix Partners China I, will each be selling up to 6,600,000 Shares pursuant to the exercise of the Over-allotment Option.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be sold pursuant thereto will represent approximately 2.66% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option (and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme). In the event that the Over-allotment Option is exercised, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

Morgan Stanley has been appointed by us as the Stabilization Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilization Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilization Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilization Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilization Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 13,200,000 Offer Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

STRUCTURE OF THE GLOBAL OFFERING

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares;
- (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;
- (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;
- (e) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and
- (f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilization Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilization Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilization Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilization Manager and is uncertain. In the event that the Stabilization Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilization Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Sunday, July 22, 2018. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilization Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilization Manager, or any person acting for it, may not necessarily result in the market share of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilization Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilization Manager (or its affiliate(s)) may choose to borrow up to 13,200,000 Shares (being the maximum number of Shares which may be sold upon exercise of the Over-allotment Option) from May Flower pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, June 22, 2018 and in any event on or before Wednesday, June 27, 2018 by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the offer price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK\$35.50 per Offer Share and is expected to be not less than HK\$28.50 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.

Price Payable on Application

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK\$35.50 per each Hong Kong Public Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK\$35.50, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Wednesday, June 27, 2018 the Global Offering will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is

STRUCTURE OF THE GLOBAL OFFERING

the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.liepin.com, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in the Prospectus and any other financial information which may change materially as a result of such reduction.

Before submitting applications for the Hong Kong Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, will under no circumstances be set outside the offer price range as stated in this Prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allocation of the Hong Kong Public Offer Shares are expected to be announced on Thursday, June 28, 2018 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.liepin.com.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other things, our Company and the Joint Global Coordinators, for themselves and on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed “Underwriting.”

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be sold pursuant to the exercise of the Over-allotment Option), any additional Shares which may be issued upon the exercise of any options which may be granted under the Pre-IPO Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Wednesday, June 27, 2018, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of Stock Exchange at www.hkexnews.hk and our Company at www.liepin.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Public Offer Shares” In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Global Offering (including the additional Shares

STRUCTURE OF THE GLOBAL OFFERING

which may be sold pursuant to the exercise of the Over-allotment Option and any additional Shares which may be issued pursuant to any exercise of any options which may be granted under the Pre-IPO Share Option Scheme).

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 29, 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, June 29, 2018. Our Shares will be traded in board lots of 200 Shares. The stock code of our Shares will be 6100.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Public Offer Shares.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; or
- an associate (as defined in the Listing Rules) of any of the above;
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on *Tuesday, June 19, 2018* until 12:00 noon on *Friday, June 22, 2018* from:

- (i) any of the following offices of the Hong Kong Underwriters:

Morgan Stanley Asia Limited	46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
J.P. Morgan Securities (Asia Pacific) Limited	28/F, Chater House 8 Connaught Road Central Central Hong Kong
Huatai Financial Holdings (Hong Kong) Limited	Unit 5808-12, The Center 99 Queen's Road Central Hong Kong
UBS AG Hong Kong Branch	52 nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(ii) or any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch	Address
Hong Kong Island	Johnston Road Branch	152-158 Johnston Road, Wan Chai
	Connaught Road Central Branch	13-14 Connaught Road Central
Kowloon	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
New Territories	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tsueng Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on *Tuesday, June 19, 2018* until 12:00 noon on *Friday, June 22, 2018* from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — WISE TALENT PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- *Tuesday, June 19, 2018* — 9:00 a.m. to 5:00 p.m.
- *Wednesday, June 20, 2018* — 9:00 a.m. to 5:00 p.m.
- *Thursday, June 21, 2018* — 9:00 a.m. to 5:00 p.m.
- *Friday, June 22, 2018* — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on *Friday, June 22, 2018*, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists" below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

- (ii) agree to comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this Prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this Prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;
- (vi) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in the Prospectus to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii)(if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE **HK eIPO WHITE FORM SERVICE**

General

Individuals who meet the criteria in "— 2. Who Can Apply" section above, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the **HK eIPO White Form**

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on *Tuesday, June 19, 2018* until 11:30 a.m. on

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Friday, June 22, 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on *Friday, June 22, 2018* or such later time under the “— 10. Effects of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this Prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 200 Hong Kong Public Offer Shares. Instructions for more than 200 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- *Tuesday, June 19, 2018* — 9:00 a.m. to 8:30 p.m.⁽¹⁾
- *Wednesday, June 20, 2018* — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- *Thursday, June 21, 2018* — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- *Friday, June 22, 2018* — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on *Tuesday, June 19, 2018* until 12:00 noon on *Friday, June 22, 2018* (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on *Friday, June 22, 2018*, the last application day or such later time as described in “— 10. Effect of Bad Weather on the Opening of the Application Lists” below.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank(s), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a WHITE or YELLOW Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on *Friday, June 22, 2018*.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 200 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

Please see the section headed “Structure of the Global Offering — Pricing and Allocation.” in this Prospectus for further details regarding the Offer Price.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on *Friday, June 22, 2018*. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on *Friday, June 22, 2018* or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this Prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on *Thursday, June 28, 2018* in South China Morning Post (in English) and Hong Kong Economics Times (in Chinese) and on our Company’s website at www.liepin.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.liepin.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on *Thursday, June 28, 2018*;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on *Thursday, June 28, 2018* to 12:00 midnight on *Wednesday, July 4, 2018*;
- by telephone enquiry line by calling +852 3691-8488 between 9:00 a.m. and 6:00 p.m. from *Thursday, June 28, 2018* to *Wednesday, July 4, 2018* on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from *Thursday, June 28, 2018* to *Tuesday, July 3, 2018* at all the receiving bank’s designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering” in this Prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.hkeipo.hk;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$35.50 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on *Thursday, June 28, 2018*.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund checks and share certificates are expected to be posted on or around *Thursday, June 28, 2018*. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on *Friday, June 29, 2018* provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this Prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or share certificate(s) from the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on *Thursday, June 28, 2018* or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before *Thursday, June 28, 2018*, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before *Thursday, June 28, 2018*, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on *Thursday, June 28, 2018*, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS participant.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. Thursday, June 28, 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on *Thursday, June 28, 2018*, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Auto Refund payment instructions/refund checks.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before *Thursday, June 28, 2018* by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on *Thursday, June 28, 2018*, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on *Thursday, June 28, 2018*. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on *Thursday, June 28, 2018* or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on *Thursday, June 28, 2018*. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on *Thursday, June 28, 2018*.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-48 received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WISE TALENT INFORMATION TECHNOLOGY CO., LTD AND MORGAN STANLEY ASIA LIMITED, AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of Wise Talent Information Technology Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-48, which comprises the combined statements of financial position of the Group as at December 31, 2015, 2016 and 2017 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group, for each of the years ended December 31, 2015, 2016 and 2017 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-48 forms an integral part of this report, which has been prepared for inclusion in the Prospectus of the Company dated June 19, 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2015, 2016 and 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 25(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

June 19, 2018

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

Combined statements of profit or loss and other comprehensive income

(Expressed in RMB)

	Note	2015 RMB'000	2016 RMB'000	2017 RMB'000
Revenue	4	345,608	587,099	824,662
Cost of revenue.....		<u>(49,267)</u>	<u>(90,803)</u>	<u>(131,685)</u>
Gross profit		<u>296,341</u>	<u>496,296</u>	<u>692,977</u>
Other income	5	1,595	9,086	6,448
Sales and marketing expenses.....		(407,947)	(482,290)	(487,274)
General and administrative expenses.....		(62,335)	(80,610)	(93,870)
Research and development expenses.....		<u>(66,400)</u>	<u>(86,390)</u>	<u>(91,920)</u>
(Loss) / profit from operations		<u>(238,746)</u>	<u>(143,908)</u>	<u>26,361</u>
Net finance income/(cost)	7	<u>8,030</u>	<u>4,180</u>	<u>(18,810)</u>
(Loss) / profit before taxation	6	<u>(230,716)</u>	<u>(139,728)</u>	<u>7,551</u>
Income tax	8	<u>—</u>	<u>—</u>	<u>—</u>
(Loss) / profit for the year and total comprehensive income		<u><u>(230,716)</u></u>	<u><u>(139,728)</u></u>	<u><u>7,551</u></u>
Total comprehensive income attributable to:				
- Equity owners of the Company		(230,716)	(139,179)	8,998
- Non-controlling interests		<u>—</u>	<u>(549)</u>	<u>(1,447)</u>
		<u><u>(230,716)</u></u>	<u><u>(139,728)</u></u>	<u><u>7,551</u></u>
Earnings per share	10			
Basic and diluted		<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>

The accompanying notes form part of the Historical Financial Information.

Combined statements of financial position*(Expressed in RMB)*

	Note	2015 RMB'000	2016 RMB'000	2017 RMB'000
Non-current assets				
Property, plant and equipment	11	55,305	59,967	22,614
Investment properties	11	—	—	29,096
Intangible assets	12	5,515	10,706	8,605
Available-for-sale financial assets	13	7,700	11,500	6,200
Other non-current assets	14	1,960	3,360	3,360
		<u>70,480</u>	<u>85,533</u>	<u>69,875</u>
Current assets				
Trade receivables	15	2,737	4,414	18,462
Prepayments and other receivables	16	8,124	12,426	19,495
Receivables from related parties	28	1,830	2,820	2,000
Receivables from a shareholder	22	—	—	62,638
Other current assets	17	145,724	123,347	120,010
Time deposits with banks	18	—	416,151	398,586
Cash and cash equivalents	19	91,898	128,986	251,345
		<u>250,313</u>	<u>688,144</u>	<u>872,536</u>
Current liabilities				
Trade and other payables	20	73,441	87,030	108,215
Deferred revenue	21	254,800	320,269	443,790
Payables to related parties	28	—	1,457	2,004
Convertible loans	22	171,622	300,835	—
		<u>499,863</u>	<u>709,591</u>	<u>554,009</u>
Net current (liabilities)/ assets		<u>(249,550)</u>	<u>(21,447)</u>	<u>318,527</u>
Total assets less current liabilities		<u>(179,070)</u>	<u>64,086</u>	<u>388,402</u>
NET (LIABILITIES) / ASSETS		<u>(179,070)</u>	<u>64,086</u>	<u>388,402</u>
CAPITAL AND RESERVES				
Share capital	25(a)	1,000	2,375	31,785
Reserves		(180,070)	61,760	352,800
Total equity attributable to equity owners of the company		<u>(179,070)</u>	<u>64,135</u>	<u>384,585</u>
Non-controlling interests		<u>—</u>	<u>(49)</u>	<u>3,817</u>
TOTAL EQUITY		<u>(179,070)</u>	<u>64,086</u>	<u>388,402</u>

The accompanying notes form part of the Historical Financial Information.

Combined statements of changes in equity
(Expressed in RMB)

	Note	Attributable to equity owners of the Company					Non-controlling interests RMB'000	Total RMB'000
		Share capital RMB'000	Capital reserve RMB'000	(Accumulated losses) / Retained profits RMB'000	Total RMB'000	Total RMB'000		
Balance at January 1, 2015		1,000	299,690	(357,359)	(56,669)	—	(56,669)	
Changes in equity for 2015:								
Loss for the year		—	—	(230,716)	(230,716)	—	(230,716)	
Total comprehensive income		—	—	(230,716)	(230,716)	—	(230,716)	
Capital injection from owners of companies comprising the Group	25(a)(i)	—	100,000	—	100,000	—	100,000	
Share-based compensation expenses.....	6(a)/23/25(c)	—	8,315	—	8,315	—	8,315	
Balance at December 31, 2015 and January 1, 2016		1,000	408,005	(588,075)	(179,070)	—	(179,070)	
Changes in equity for 2016:								
Loss for the year		—	—	(139,179)	(139,179)	(549)	(139,728)	
Total comprehensive income		—	—	(139,179)	(139,179)	(549)	(139,728)	
Conversion of convertible loans into capital.....	25(a)(ii)	119	260,984	—	261,103	—	261,103	
Capital injection from owners	25(a)(i)	1,256	456,217	—	457,473	—	457,473	
Capital injection from owners of the companies comprising the group	25(a)(i)	—	717	—	717	—	717	
Capital injection from non-controlling owners		—	—	—	—	500	500	
Deemed distribution arising from reorganization	1.2	—	(348,155)	—	(348,155)	—	(348,155)	
Share-based compensation expenses.....	6(a)/23/25(c)	—	11,246	—	11,246	—	11,246	
Balance at December 31, 2016 and January 1, 2017		2,375	789,014	(727,254)	64,135	(49)	64,086	
Changes in equity for 2017:								
Profit for the year		—	—	8,998	8,998	(1,447)	7,551	
Total comprehensive income		—	—	8,998	8,998	(1,447)	7,551	
Capitalization upon conversion of a subsidiary of the Company into a joint stock company	25(a)(iii)	27,625	(747,758)	720,133	—	—	—	
Conversion of convertible loans into capital.....	25(a)(ii)	1,785	300,552	—	302,337	—	302,337	
Capital injection from non-controlling owners		—	—	—	—	5,313	5,313	
Share-based compensation expenses.....	6(a)/23/25(c)	—	9,115	—	9,115	—	9,115	
Balance at December 31, 2017		31,785	350,923	1,877	384,585	3,817	388,402	

The accompanying notes form part of the Historical Financial Information.

Combined cash flow statements*(Expressed in RMB)*

	Note	2015 RMB'000	2016 RMB'000	2017 RMB'000
Operating activities				
(Loss)/profit before tax.....		(230,716)	(139,728)	7,551
Adjustments for:				
Impairment losses on trade receivables	15	960	2,412	3,307
Impairment losses on available-for-sale financial assets	13	—	—	3,800
Depreciation in property, plant and equipment and investment property	11	6,955	11,726	13,640
Amortization in intangible assets	12	628	1,839	2,109
Loss/(gain) on disposal of property, plant and equipment		1	(52)	77
Finance (income) /costs	7	(8,236)	(4,447)	18,306
Investment income from wealth management products	5	(1,486)	(8,279)	(2,777)
Share-based compensation expenses	6(a)	8,315	11,246	9,115
Changes in working capital:				
Increase in trade receivables		(2,339)	(4,089)	(17,355)
(Increase)/decrease in prepayment and other receivables, receivables from related parties and other current assets		(8,116)	(14,053)	435
Increase in deferred revenue		114,870	65,469	123,521
Increase in trade and other payables and payables to related parties....		38,401	15,045	21,562
Interest received.....		340	872	7,687
Cash (used in) / generated from operations		(80,423)	(62,039)	190,978
Income tax paid		—	—	—
Net cash (used in) / generated from operating activities		(80,423)	(62,039)	190,978
Investing activities				
Proceeds from sale of property, plant and equipment		97	86	37
Investment income from wealth management products received		1,486	8,279	2,777
Proceeds from maturity of wealth management products		310,000	2,575,688	530,000
Proceeds from maturity of time deposits with banks		—	—	744,959
Payment for the purchase of property, plant and equipment and intangible assets		(9,051)	(21,209)	(5,972)
Acquisition of available-for-sale financial assets		(7,700)	(3,800)	—
Payment for the purchase of wealth management products		(440,000)	(2,545,688)	(530,000)
Placement of time deposits with banks		—	(397,572)	(751,506)
Net cash used in investing activities		(145,168)	(384,216)	(9,705)
Financing activities				
Capital injection from owners	22/25(a)(i)	100,000	708,190	30,000
Capital injection from non-controlling owners		—	500	5,313
Deemed distribution arising from reorganization	1	—	(348,155)	—
Proceeds from bank loans	19(b)	29,100	—	—
Proceeds from convertible loans	19(b)	180,000	372,638	—
Repayment of bank loans	19(b)	(48,500)	—	—
Interest paid	19(b)	(486)	—	—
Repayment of convertible loans	22	—	(250,000)	(92,638)
Net cash generated from / (used in) financing activities		260,114	483,173	(57,325)
Net increase in cash and cash equivalents		34,523	36,918	123,948
Cash and cash equivalents at the beginning of the year	19(a)	57,375	91,898	128,986
Effect of foreign exchange rate changes		—	170	(1,589)
Cash and cash equivalents at the end of the year	19(a)	91,898	128,986	251,345

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation and presentation of Historical Financial Information**1.1 General information**

Wise Talent Information Technology Co., Ltd (the “Company”) was established in the Cayman Islands on January 30, 2018 as an exempted company with limited liability under the Companies Law (2013 Revision) (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganization below. The Company and its subsidiaries (together, the “Group”) are principally engaged in talent services (the “Listing Business”).

1.2 Reorganization

Prior to the incorporation of the Company and the completion of the reorganization as described below, the Listing Business was operated through Wisest (Beijing) Management Consulting Co., Ltd. (the “Wisest”), INS Network (Beijing) Information Technology Co., Ltd. and TD Information Technology Co., Ltd. and their subsidiaries.

Wisest was established in the People’s Republic of China (“PRC”) on September 7, 2006. In 2016, Wisest acquired the entire equity interest in INS Network (Beijing) Information Technology Co., Ltd. and TD Information Technology Co., Ltd. at a cash consideration of RMB323,154,922 and RMB25,000,000, respectively, from Wisest (HK) Information Technology Co., Ltd.. Thus, Wisest became the holding company of the entities comprised the group engaged in Listing Business. As Wisest, INS Network (Beijing) Information Technology Co., Ltd. and TD Information Technology Co., Ltd. are under common control of Wisest (HK) Information Technology Co., Ltd., the transaction has been accounted for as a restructuring of entities under common control in accordance with the principles of merger of accounting. For the purpose of the preparation of Historical Financial information, the total consideration of RMB348,154,922 in connection with the acquisitions are recorded within equity as deemed distribution arising from reorganization. And the share capital in the combined statements of financial position represents the share capital of Wisest.

Wisest was subsequently converted into a joint stock company with limited liability under the Company Law of the PRC on April 11, 2017.

In preparation for the initial listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited, the reorganization was undertaken pursuant to which Wisest and its subsidiaries, engaged in the Listing Business, were transferred to the Company (“Reorganization”). The Reorganization involved the following:

(i) Acquisition of subsidiaries incorporated in Hong Kong

On February 26, 2018, the Company acquired all the issued share capital of TD Elite (HK) Information Technology Co., Limited from Wisest Information Technology Co., Ltd.(Cayman) for nil consideration. Such acquisition was legally completed on February 26, 2018. As a result, TD Elite (HK) Information Technology Co., Limited, became a wholly-owned subsidiary of the Company.

On March 14, 2018, the Company acquired all the issued share capital of TD Elite (HK) Management Consulting Co., Limited and Liepin (HK) Information Technology Co., Limited from Wisest for nil consideration. Such acquisitions were legally completed on March 14, 2018. As a result, TD Elite (HK) Management Consulting Co., Limited and Liepin (HK) Information Technology Co., Limited became a wholly-owned subsidiary of the Company.

(ii) Restructuring of the Company

As of March 27, 2018, the Company issued ordinary shares at par value of US\$0.0001 of total 128,268,004 shares to each of May Flower Information Technology Co., Limited, Xiaoying Information Technology Co., Limited and Wisest Holding Co., Limited, which were owned by Mr. Dai Kebin (“Mr. Dai”), an executive director and Chairman of the board, Mr. Chen Xingmao (“Mr. Chen”), an executive director and Ms. Dai Keying, the sister of Mr. Dai, respectively.

On March 27, 2018, the Company entered into the Pre-IPO Investment Agreements with, among others, the Pre-IPO Investors who are the shareholders of Wisest other than Mr. Dai, Mr. Chen and four entities controlled by Mr. Dai, Ningbo Xinshi Online Finance Equity Investment Partnership and Tibet Lingsheng Capital Investment Management Co., Ltd., pursuant to which the Company issued Convertible Preferred Shares to the Pre-IPO Investors. Pursuant to the agreement entered with Ningbo Xinshi Online Finance Equity Investment Partnership and Tibet Lingsheng Capital Investment Management Co., Ltd., Wisest will repurchase the shares held by Ningbo Xinshi Online Finance Equity Investment Partnership and Tibet Lingsheng Capital Investment Management Co., Ltd., representing 1.2% and 0.1% of shares of Wisest before the restructuring.

The below table is a summary of the capitalization of the Company as of June 11, 2018:

Shareholders	Shares	Series A-1 Preferred Shares	Series A-2 Preferred Shares	Series A-3 Preferred Shares	Ownership percentage as of the date of this report
May Flower Information Technology Co., Limited	101,524,692	—	—	—	24.91%
Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P.	—	99,804,139	—	—	24.49%
Giant Lilly Investment Ltd	—	97,370,133	—	—	23.89%
Tenzing Holdings 2011 Ltd.	—	30,464,038	—	—	7.47%
Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership)	—	—	5,452,724	27,312,231	8.04%
China Mobile Fund	—	—	—	13,435,471	3.30%
Huatai China Industry Power Investment Fund Limited Partnership	—	—	—	5,452,724	1.34%
Xiaoying Information Technology Co., Limited	13,598,226	—	—	—	3.34%
Wisest Holdings Co., Limited	13,145,086	—	—	—	3.22%
Total	128,268,004	227,638,310	5,452,724	46,200,426	100.00%

(iii) Acquisition of interests in Wisest

Pursuant to the Reorganization Framework Agreement dated March 27, 2018, the Group has designated TD Elite (HK) Information Technology Co., Limited to purchase the registered capital of Wisest, representing the capital held by all the registered shareholders (except for that held by Mr. Dai, Mr. Chen and four entities controlled by Mr. Dai).

Concurrently with such acquisitions of the registered capital of Wisest, TD Elite (HK) Information Technology Co., Limited entered into a capital increase agreement with Wisest and its registered shareholders, pursuant to which TD Elite (HK) Information Technology Co., Limited made a capital contribution to Wisest to

subscribe the registered capital of Wisest, so as to increase TD Elite (HK) Information Technology Co., Limited's shareholding in Wisest to 70%. The remaining 30% shares in Wisest are held by Mr. Dai and his controlled four entities and Mr. Chen.

(iv) Establishment of Tiancai Youdao (Tianjin) Information Technology Co., Limited (the "Tiancai Youdao")

Pursuant to the Reorganization Framework Agreement on March 27, 2018, the Company established Tiancai Youdao as a wholly foreign-owned enterprise in the PRC with TD Elite (HK) Information Technology Co., Limited as its sole equity holder before Listing. The purpose of Tiancai Youdao is to provide technology services, network support, management consulting and related services, and to enter into the Contractual Arrangements.

(v) The Group commenced a series of reorganization activities and entered into a series of contractual arrangements (the "Contractual Arrangements") with Wisest, TD Elite (Tianjin) Information Technology Co., Ltd. (the "TD Elite") and LieDao Information Technology Co., Ltd. (the "Liedao")

Pursuant to the Reorganization Framework Agreement, after its establishment on April 26, 2018 Tiancai Youdao entered into the Contractual Arrangements with each of Wisest, Mr. Dai and Mr. Chen, 30% shareholders of Wisest and with each of TD Elite, Liedao and their respective registered shareholders. Due to applicable PRC laws and regulatory restriction on foreign ownership in the human resources intermediary and telecommunications industries and restrictions on foreign investors to own interests in entities holding the Internet content provider ("ICP") License in the PRC, through the Contractual Arrangements and the 70% direct shareholding of Wisest, Tiancai Youdao controlled over the operations of, and enjoyed substantially all of the economic benefits of Wisest, TD Elite, Liedao and their respective subsidiaries, which in turn held certain of the Group's licenses and permits necessary to operate the businesses. Under these contractual agreements entered into with the registered owners of Wisest, TD Elite, Liedao and the 70% direct shareholding of Wisest, the Company and its other legally owned subsidiaries controlled these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transferred the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company.

All the transactions in the Reorganization were completed as a restructuring of entities under common control. Upon completion of the Reorganization, the Company became the holding company of all the companies now comprising the Group. The company's direct and indirect interests in its subsidiaries are set out below in note 1.3.

1.3 Subsidiaries

As at the date of this report, no audited financial statements have been prepared for TD Elite (HK) Information Technology Co., Limited as it is newly set up and not subject to statutory audit requirements under the relevant rules and regulations in the respective jurisdiction.

The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the jurisdictions in which they were incorporated and/or established.

The principal subsidiaries comprising the Group's financial statements are as follow:

Company names	Place and date of incorporation/establishment	Registered capital	Held and to be held by the Company	Held and to be held by the subsidiary	Principal activities	Legal Form
Directly held						
TD Elite (HK) Information Technology Co., Limited 同道精英（香港）信息技術有限公司	Hong Kong 11/2017	1 ordinary share	100%	—	Investing holding company	Special Purpose Vehicle
Indirectly held						
Wisest (Beijing) Management Consulting Co., Ltd.(Wisest Beijing) 萬仕道（北京）管理諮詢股份有限公司* (note 3)	Beijing, PRC 09/2006	31,785,089 ordinary shares	—	100% (note 1)	Talent services	Joint stock limited company
INS Network (Beijing) Information Technology Co., Ltd. (note 3) 英仕互聯（北京）信息技術有限公司*	Beijing, PRC 11/2010	RMB 323,154,922	—	100%	Talent services	Limited liability
TD Information Technology Co., Limited (note 4) 同道匯才（天津）信息技術有限公司*	Tianjin, PRC 06/2014	RMB 50,000,000	—	100%	Talent services	Limited liability
Liedao Information Technology Co., Ltd. (note 5) 獵道信息技術有限公司*	Tianjin, PRC 04/2014	RMB 50,000,000	—	100% (note 2)	Talent services	Limited liability
TD Elite (Tianjin) Information Technology Co., Ltd. (note 6) 同道精英（天津）信息技術有限公司*	Tianjin, PRC 07/2015	RMB 12,000,000	—	100% (note 2)	Talent services	Equity Joint Venture

Notes:

* The official name of this entity is in Chinese. The English name is for identification purpose only.

- The Group has 70% equity ownership in Wisest. The Group controls the remaining 30% of Wisest through the Contractual Agreements between the Group, Wisest and its 30% equity owners.
- The Group does not have legal ownership in equity of these structured entities. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company.
- The statutory financial statements of these companies for the years ended December 31, 2015 and 2016 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Beijing Hongxin Certified Public Accountants Co., Ltd. (北京宏信會計師事務所有限責任公司).

4. The statutory financial statements of this company for the years ended December 31, 2015 and 2016 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Tianjin Chengtai Certified Public Accountants Firm (天津誠泰有限責任會計師事務所) and Beijing Hongxin Certified Public Accountants Co., Ltd. (北京宏信會計師事務所有限責任公司), respectively.
5. The statutory financial statements of this company for the year ended December 31, 2016 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Beijing Hongxin Certified Public Accountants Co., Ltd. (北京宏信會計師事務所有限責任公司). The statutory financial statements for the year ended December 31, 2015 have not been prepared for LieDao Information Technology Co., Ltd. and as it has not carried on any business before 2016.
6. The statutory financial statements of this company for the years ended December 31, 2015 and 2016 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and audited by Tianjin Lida Certified Public Accountants Firm (天津麗達有限責任會計師事務所) and Beijing Hongxin Certified Public Accountants Co., Ltd. (北京宏信會計師事務所有限責任公司), respectively.

All companies comprising the Group have adopted December 31, as their financial year end date.

1.4 Basis of preparation

Immediately prior to and after the Reorganization, the Listing Business of the Group had been held by Wisest and their subsidiaries. Pursuant to the Reorganization, Wisest and the Listing Business of the Group has been transferred to and held by the Company. The Reorganization is merely a reorganization of the Listing Business of the Group with no change in management of the Listing Business. And majority of owners of such business remain the same. The Group resulting from the Reorganization is regarded as a continuation of the Listing Business. Accordingly, the financial information of the companies now comprising the Group for the Track Record Period is presented using the carrying values of the Listing Business of the Group under Wisest for all the years presented. There is no common control over the Listing Business during the Track Record Period.

The combined statements of financial position, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group for the Track Record Period have been prepared on the basis that the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment, or since the date when the combining companies first came under the control of the controlling shareholder, whichever is the shorter period.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and interpretations issued by the International Accounting Standards Board (“IASB”). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued certain new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the year ended December 31, 2017. The revised and new accounting standards and interpretations issued but not yet effective for the year ended December 31, 2017 are set out in Note 29.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 Significant accounting policies

(a) Basis of measurement

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand unless otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in wealth management products (see note 2(d)),
- investments in equity securities classified as available-for-sale (see note 2(d)); and
- convertible loans (see note 2(k)).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiary and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is combined into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests

that meets the definition of a financial liability. For each business combination, the group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the combined statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statements of profit or loss and comprehensive income or loss as an allocation of the total profit or loss and total comprehensive income or loss for the year between non-controlling interests and the equity shareholders of the Group. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined statements of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within combined equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Group's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below.

The Group did not have any held-to-maturity or held for trading investments and debt securities in the current or comparative accounting periods.

Investments in wealth management products and investment in equity securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognized in the statements of financial position at cost less impairment losses (see note 2(i)). Interest income from debt securities calculated using the effective interest method are recognized in profit or loss in accordance with the policies set out in note 2(i)(ii), respectively. Foreign exchange gains and losses resulting from changes in the amortized cost of debt securities are also recognized in profit or loss.

When the investments are derecognized or impaired (see note 2(i)), the cumulative gain or loss recognized in equity is reclassified to profit or loss. Investments are recognized / derecognized on the date the Group commits to purchase / sell the investments or they expire.

(e) Investment properties

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. The Group determines whether a property qualifies as an investment property on the condition that if a property held to earn rentals or for capital appreciation or both.

(i) Recognition and measurement

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation

Depreciation is based on the cost of an investment property less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of investment property.

The estimated useful life for the current year is as follows:

— Buildings and structure	27 years
---------------------------	----------

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

When the group holds a property interest under an operating lease to earn rental income and / or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

(f) Property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives are as follows:

— Buildings and structure	30 years
— Motor vehicles	4 years
— Office equipment and others	2-5 years
— Leasehold improvements	the shorter of the unexpired term of lease and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

(g) Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see note 2(i)(ii)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful life, which is the period over which an asset is expected to be available for use. The estimates and associated assumptions of useful life determined by the Group are based on technical or commercial obsolescence, legal or contractual limits on the use of the asset, and other relevant factors. In particular, the useful lives for each type of intangible assets are:

— Interview Express software	5 years
— Management software	3-5 years
— Customer service platform software	10 years

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite useful lives as set out above.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale.

(i) *Impairment of assets*

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortized cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events.

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

- For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.
- If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

- For available-for-sale securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of receivables whose recoveries are considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- Intangible assets; and
- Investments in subsidiary in the Company's statements of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill

allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(j) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Convertible loans

The Group designates the convertible loans as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Subsequent to initial recognition, the convertible loans are carried at fair value with changes in fair value recognized in the profit or loss. The convertible loans are classified as current liabilities as they are due within one year.

When the loans are converted, the carrying amounts of the convertible loans are transferred to share capital and share premium as consideration for the shares issued. When the loans are redeemed, any difference between the amount paid and the carrying amounts of convertible loans is recognized in profit or loss.

(l) Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based compensation expenses

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(o) *Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to Investments in subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the/ amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

The Group generates revenue from providing a variety of talent services to business customers (including head hunters) and individual paying users.

(i) Revenue from services

Talent acquisition services provided to business customers

— Subscription-based model:

Under subscription-based model, the Group provides to the business customers a customized package of services, such services including job posting, CV search, 360-degree CV downloading, intent communications with job candidates, invitations to apply for jobs, top display of job postings, etc. Such service agreement normally has a term of one year.

The subscription fee varies based on the type and quantity of services agreed with the business customers. The Group normally receives all of the subscription fee upfront, such amount is non-refundable and recognized as deferred revenue as a current liability.

Under the subscription-based model, the service can be divided into two categories: 1) consumption based such as 360-degree CV downloading, intent communications with job candidates, invitations to apply for jobs, etc. and 2) time-based services such as top display of job posting and access to the platform, etc.

Each service is a separate unit of accounting and the total subscription consideration is allocated to each unit of accounting at the inception based on the relative fair value of each unit of accounting. The revenue from the consumption-based service is recognized upon the consumption of the individual service. The service that is not consumed within the contract period is recognized as revenue upon the expiry of the contract when the Group has no future obligation. The revenue from the time-based service is recognized on a straight-line basis over the contract period.

— Transaction-based models

The Group provides to the business customers transaction based services such as closed-loop services leading up to candidate interview (Interview Express) or closed-loop services related to onboarding (Onboarding Express) and other project based services.

The revenue from transaction-based services is recognized when the service is accepted by the customer.

Professional career services provided to individual users

— Professional career services

These services are provided to individual paying users for premium membership services or CV advisory services. The revenue is recognized on a straight-line basis over the contract period for the time-based membership service or upon the performance of the service of transaction-based service such as CV advisory services.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

(iv) Government grants

Government grants are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

- (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the historical financial information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

3 Significant accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The significant accounting policies are set out in note 2. Other key sources of estimation uncertainty in the preparation of the Financial Information are as follows:

(a) Fair value of convertible loans

The Group adopted a scenario-weighted average method to estimate the fair value of the convertible loans as of December 31, 2015, 2016 and each conversion date based on the probability of each scenario and pay off of convertible loans under each scenario. The key assumptions adopted in the convertible loans valuation include the probability of each scenario and the discount rate.

(b) Fair value of share-based compensation expenses

As mentioned in Note 23, the Group has granted shares options to its employees. The Group has used Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility, dividend yield and IPO date, is required to be made by the Group in applying the Binomial option-pricing model.

(c) Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In assessing whether such unused tax losses can be utilized in the future, the Group needs to make judgments and estimates on the ability of each of the group entities to generate taxable income in the future years. Based on current information available and the tax planning strategies, the Group considered there is uncertainty regarding whether the unused tax losses could be utilized before expiration. Thus, the Group currently has not recognized any deferred tax assets resulting from operating loss and deductible temporary differences.

4 Revenue

The principal activities of the Group are providing a variety of talent services to business customers and individual users.

The amount of each significant category of revenue is as follows:

	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Service revenue	345,608	587,099	822,999
Rental income	—	—	1,663
	<u>345,608</u>	<u>587,099</u>	<u>824,662</u>

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the years of 2015, 2016 and 2017.

The Group has one reportable segment, which is talent services.

The Group's operations, assets and most of the customers are located in the PRC.

Accordingly, no geographic information of revenue, non-current assets and customers is presented.

5 Other income

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
Investment income from wealth management products	1,486	8,279	2,777
Government grant	—	730	2,100
Others	109	77	1,571
	<u>1,595</u>	<u>9,086</u>	<u>6,448</u>

The others of other income mainly includes individual tax refund, sublease income and income of disposal of fixed assets.

6 (Loss)/ profit before taxation

(a) Staff costs

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
Salaries, wages and other benefits	302,442	391,966	486,986
Contributions to defined contribution retirement (i)	18,184	35,294	39,741
Share-based compensation expenses (note 23)	8,315	11,246	9,115
	<u>328,941</u>	<u>438,506</u>	<u>535,842</u>

(i) Defined contribution retirement plan

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organized by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 13% to 20% of the salaries, bonuses and certain allowances of the employees during the years of 2015, 2016 and 2017. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

(b) Other items

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
Depreciation of property, plant and equipment and investment property (note 11).....	6,955	11,726	13,640
Amortization of intangible assets (note 12).....	628	1,839	2,109
Impairment losses of trade receivables (note 15).....	960	2,412	3,307
Impairment losses of available-for-sale financial assets (note 13).....	—	—	3,800
Operating lease charge.....	23,346	34,060	40,708
Auditors' remuneration- Audit services.....	1,057	1,733	908

7 Net finance income/ (cost)

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
Gain/ (loss) on fair value changes of convertible loans.....	8,378	(17,678)	(1,502)
Interest on bank loans.....	(486)	—	—
Interest income from bank deposits.....	340	3,376	8,895
Foreign currency exchange gain/ (loss).....	4	18,749	(25,699)
Bank charges and other finance costs.....	(206)	(267)	(504)
	<u>8,030</u>	<u>4,180</u>	<u>(18,810)</u>

8 Income tax in the combined statements of profit or loss and other comprehensive income*(a) Taxation in the combined statements of profit or loss and other comprehensive income represents:*

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
Current tax and deferred tax.....	=	=	=

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
(Loss)/profit before taxation.....	<u>(230,716)</u>	<u>(139,728)</u>	<u>7,551</u>
Notional tax on (loss)/profit before taxation.....	(57,679)	(34,932)	1,888
Tax effect of non-deductible expenses.....	20,706	22,531	5,017
Tax effect of unused tax losses not recognized.....	36,973	12,401	—
Utilization of tax losses previously not recognized.....	—	—	(6,905)
Actual tax expense.....	<u>—</u>	<u>—</u>	<u>—</u>

The Group's PRC subsidiaries are subject to the PRC Corporate Income Tax Law and are taxed at the statutory income tax rate of 25%. The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% of the assessable profits.

9 Directors' emoluments and individuals with highest emoluments

(a) Directors' emoluments

Details of directors' emoluments during the Track Record Period are as follows:

Year ended December 31, 2015	Directors' fees	Salaries, wages and other benefits	Discretionary bonuses	Contributions to defined contribution retirement	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. Dai	—	647	—	46	—	693
Mr. Chen	—	647	—	46	—	693
Ms. Xu Lili	—	834	—	46	1,501	2,381
Total	—	2,128	—	138	1,501	3,767

Year ended December 31, 2016	Directors' fees	Salaries, wages and other benefits	Discretionary bonuses	Contributions to defined contribution retirement	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. Dai	—	758	—	49	—	807
Mr. Chen	—	1,026	—	49	—	1,075
Ms. Xu Lili	—	1,049	—	49	125	1,223
Total	—	2,833	—	147	125	3,105

Year ended December 31, 2017	Directors' fees	Salaries, wages and other benefits	Discretionary bonuses	Contributions to defined contribution retirement	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. Dai	—	665	—	53	—	718
Mr. Chen	—	963	—	53	—	1,016
Ms. Xu Lili	—	1,110	—	53	—	1,163
Total	—	2,738	—	159	—	2,897

Notes:

- Mr. Dai, Mr. Chen and Ms. Xu Lili were appointed as executive director of the Company on January 30, 2018, March 23, 2018 and March 23, 2018, respectively. All the executive directors are key management personnel of the Group during the Track Record Period and their remuneration disclosed above include those for services rendered by them as key management personnel.
- Mr. Shao Yibo, Mr. Zou Lingye and Mr. Ding Gordon Yi were appointed as non-executive director of the Company on March 23, 2018.

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, 1, 0, 1 is director whose emolument is disclosed in Note 9(a) for the years ended December 31, 2015, 2016 and 2017 respectively. The aggregate of the emoluments

in respect of other 4, 5, 4 individuals for the years ended December 31, 2015, 2016 and 2017 respectively are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	3,065	5,928	4,713
Share-based compensation expenses	828	1,795	—
Retirement scheme contributions	184	246	212
	<u>4,077</u>	<u>7,969</u>	<u>4,925</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Nil to HK\$1,000,000	—	—	—
HK\$1,000,000 – HK\$2,000,000	4	4	4
HK\$2,000,000 – HK\$3,000,000	—	—	—
HK\$3,000,000 – HK\$4,000,000	—	1	—

10 Earnings per share

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the reorganization and presentation of the result for the years ended December 31, 2015, 2016 and 2017 on a combined basis as disclosed in note 1.

11 Property, plant and equipment and investment property

The Group	Buildings and structure RMB'000	Motor vehicles RMB'000	Office equipment, and others RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment properties RMB'000	Total RMB'000
Cost:							
At January 1, 2015	32,529	611	14,149	13,021	60,310	—	60,310
Additions	—	—	6,367	1,670	8,037	—	8,037
Disposals.....	—	—	(108)	—	(108)	—	(108)
At December 31, 2015 and January 1, 2016	32,529	611	20,408	14,691	68,239	—	68,239
Additions	—	1,204	7,194	8,023	16,421	—	16,421
Disposals.....	—	(157)	(214)	—	(371)	—	(371)
At December 31, 2016 and January 1, 2017	32,529	1,658	27,388	22,714	84,289	—	84,289
Additions	—	448	3,007	2,041	5,496	—	5,496
Disposals.....	—	—	(678)	—	(678)	—	(678)
Transfer to investment properties	(32,529)	—	—	—	(32,529)	32,529	—
At December 31, 2017	—	2,106	29,717	24,755	56,578	32,529	89,107
Accumulated depreciation:							
At January 1, 2015	(343)	(343)	(4,105)	(1,198)	(5,989)	—	(5,989)
Charge for the year.....	(1,031)	(131)	(3,756)	(2,037)	(6,955)	—	(6,955)
Written back on disposal	—	—	10	—	10	—	10
At December 31, 2015 and January 1, 2016	(1,374)	(474)	(7,851)	(3,235)	(12,934)	—	(12,934)
Charge for the year.....	(1,031)	(159)	(5,706)	(4,830)	(11,726)	—	(11,726)
Written back on disposal	—	149	189	—	338	—	338
At December 31, 2016 and January 1, 2017	(2,405)	(484)	(13,368)	(8,065)	(24,322)	—	(24,322)
Charge for the year.....	(342)	(339)	(6,652)	(5,621)	(12,954)	(686)	(13,640)
Written back on disposal	—	—	565	—	565	—	565
Transfer to investment properties	2,747	—	—	—	2,747	(2,747)	—
At December 31, 2017	—	(823)	(19,455)	(13,686)	(33,964)	(3,433)	(37,397)
Net book value:							
At December 31, 2015	<u>31,155</u>	<u>137</u>	<u>12,557</u>	<u>11,456</u>	<u>55,305</u>	<u>—</u>	<u>55,305</u>
At December 31, 2016	<u>30,124</u>	<u>1,174</u>	<u>14,020</u>	<u>14,649</u>	<u>59,967</u>	<u>—</u>	<u>59,967</u>
At December 31, 2017	<u>—</u>	<u>1,283</u>	<u>10,262</u>	<u>11,069</u>	<u>22,614</u>	<u>29,096</u>	<u>51,710</u>

The Group leases the building under a leasehold interest to earn rental income from April 2017. Therefore the building is reclassified to investment properties in April 2017, the fair value as at December 31, 2017 of the Group's investment properties are RMB59.9 million, which are categorized into Level 3 in the fair value hierarchy. The fair value amount is valued under market approach.

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease receivable under non-cancellable operating leases are as follows:

	<u>2015</u> RMB'000	<u>2016</u> RMB'000	<u>2017</u> RMB'000
Within 1 year	—	—	2,172
After 1 year but within 3 years	—	—	<u>2,716</u>
	<u>—</u>	<u>—</u>	<u>4,888</u>

12 Intangible assets

	<u>Software and others</u> RMB'000	<u>Capitalized development costs</u> RMB'000	<u>Total</u> RMB'000
Cost:			
At January 1, 2015	3,112	—	3,112
Additions	1,013	2,277	3,290
Disposals	(9)	—	(9)
At December 31, 2015 and January 1, 2016	<u>4,116</u>	<u>2,277</u>	<u>6,393</u>
Additions	1,451	5,579	7,030
Transfer to software	7,856	(7,856)	—
At December 31, 2016 and January 1, 2017	<u>13,423</u>	<u>—</u>	<u>13,423</u>
Additions	8	—	8
At December 31, 2017	<u>13,431</u>	<u>—</u>	<u>13,431</u>
Accumulated amortization:			
At January 1, 2015	(258)	—	(258)
Charge for the year	(628)	—	(628)
Written back on disposal	8	—	8
At December 31, 2015 and January 1, 2016	<u>(878)</u>	<u>—</u>	<u>(878)</u>
Charge for the year	(1,839)	—	(1,839)
At December 31, 2016 and January 1, 2017	<u>(2,717)</u>	<u>—</u>	<u>(2,717)</u>
Charge for the year	(2,109)	—	(2,109)
At December 31, 2017	<u>(4,826)</u>	<u>—</u>	<u>(4,826)</u>
Net book value:			
At December 31, 2015	<u>3,238</u>	<u>2,277</u>	<u>5,515</u>
At December 31, 2016	<u>10,706</u>	<u>—</u>	<u>10,706</u>
At December 31, 2017	<u>8,605</u>	<u>—</u>	<u>8,605</u>

The amortization charge for the year is included in “cost of revenue”, “general and administrative expenses” and “research and development expenses” in the combined statement of profit or loss and other comprehensive income.

13 Available-for-sale financial assets

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Available-for-sale financial assets	7,700	11,500	10,000
Impairment	—	—	(3,800)
	<u>7,700</u>	<u>11,500</u>	<u>6,200</u>

As at December 31, 2015, 2016 and 2017, the available-for-sale financial assets held by the Group are equity securities the Group invested in third parties with less than 10% of shareholding.

14 Other non-current assets

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Advertisement deposits	1,960	3,360	3,360

15 Trade receivables

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade receivables	4,156	8,245	25,600
Less: allowance for doubtful debts	(1,419)	(3,831)	(7,138)
	<u>2,737</u>	<u>4,414</u>	<u>18,462</u>

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade debtors, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Within 60 days	2,020	3,478	17,513
60 days to 1 year	717	936	949
	<u>2,737</u>	<u>4,414</u>	<u>18,462</u>

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(i)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
At January 1	459	1,419	3,831
Impairment loss recognized	960	2,412	3,307
At December 31	<u>1,419</u>	<u>3,831</u>	<u>7,138</u>

The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. The Group does not hold any collateral over these balances.

(c) *Trade receivable that are not impaired*

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	2,020	3,478	17,513
Less than 1 year past due.....	717	936	949
	<u>2,737</u>	<u>4,414</u>	<u>18,462</u>

Trade receivables that were past due but not impaired relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, management believes the overdue amounts can be recovered.

16 Prepayments and other receivables

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Prepayments to suppliers.....	6,337	8,628	12,273
Other receivables.....	1,787	1,294	3,510
Interest receivable.....	—	2,504	3,712
	<u>8,124</u>	<u>12,426</u>	<u>19,495</u>

17 Other current assets

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Rental deposits	5,826	8,803	10,072
VAT recoverable	9,898	14,544	9,938
Investment in wealth management products	130,000	100,000	100,000
	<u>145,724</u>	<u>123,347</u>	<u>120,010</u>

The investment in wealth management products is issued by banks in the PRC with variable interest rate due within one year.

18 Time deposits with banks

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Time deposits with banks	—	416,151	398,586

Time deposits, which mature within one year as of the end of reporting period, represent interest-bearing certificates of deposit with a maturity of more than three months when purchased.

19 Cash and cash equivalents*(a) Cash and cash equivalents comprise:*

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cash at bank	91,404	128,458	251,234
Cash on hand	494	528	111
Cash and cash equivalents	<u>91,898</u>	<u>128,986</u>	<u>251,345</u>

(b) Reconciliation of liabilities arising from financing activities

	Bank loans	Convertible loans	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2015	19,400	—	19,400
Changes from financing cash flows:			
Proceeds from bank loans	29,100	—	29,100
Repayment of bank loans	(48,500)	—	(48,500)
Interest paid	(486)	—	(486)
Proceeds from convertible loans	—	180,000	180,000
Changes in fair value	—	(8,378)	(8,378)
Other changes:			
Interest expenses (note 7)	486	—	486
At December 31, 2015 and January 1, 2016	—	171,622	171,622
Changes from financing cash flows:			
Proceeds from convertible loans	—	372,638	372,638
Repayment of convertible loans (all subsequently invested in the Group) (note 22)	—	(250,000)	(250,000)
Changes in fair value	—	17,678	17,678
Other changes:			
Convert to equity (including fair value change) (note 22)	—	(11,103)	(11,103)
At December 31, 2016 and January 1, 2017	—	300,835	300,835
Changes from financing cash flows:			
Repayment of convertible loans (RMB30M subsequently invested in the Group) (note 22)	—	(92,638)	(92,638)
Changes in fair value	—	1,502	1,502
Other changes:			
Convert to equity (including fair value change) (note 22)	—	(209,699)	(209,699)
At December 31, 2017	—	—	—

20 Trade and other payables

	At December 31,		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trade payables to third parties	13,854	9,787	16,047
Salary and welfare payable	47,146	49,556	68,536
Other tax payables	6,245	15,198	12,967
Other payables	6,196	12,489	10,665
	<u>73,441</u>	<u>87,030</u>	<u>108,215</u>

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables to third parties, based on the invoice date is as follows:

	At December 31,		
	2015 RMB'000	2016 RMB'000	2017 RMB'000
Within 30 days	11,696	6,830	14,184
30 days to 1 year	2,158	2,957	1,863
	<u>13,854</u>	<u>9,787</u>	<u>16,047</u>

21 Deferred revenue

Deferred revenue mainly represents service fees prepaid by customers for the talent services for which the related services had not been rendered as at December 31, 2015, 2016 and 2017.

22 Convertible loans

	RMB'000
At January 1, 2015	—
Additions	180,000
Change in fair value	<u>(8,378)</u>
At December 31, 2015 and January 1, 2016	171,622
Additions	372,638
Change in fair value	17,678
Convert to equity (note 25(a)(i))	<u>(261,103)</u>
At December 31, 2016 and January 1, 2017	300,835
Change in fair value	1,502
Covert to equity (note 25(a)(i))	<u>(302,337)</u>
At December 31, 2017	<u>—</u>

The Group received loans of RMB180 million from Shenzhen Huatai Ruilin Fund Investment Management Partnership (Limited Partnership) (the “Shenzhen Huatai”), Shanghai Chuangji Investment Centre Partnership (Limited Partnership) (the “Shanghai Chuangji”) and Shanghai Weiyi Investment Management Centre (Limited Partnership) (the “Shanghai Weiyi”) in 2015; and received loans of RMB372.6 million from Tianhong Asset Management Co., Ltd. (the “Tianhong”), China Mobile Innovation Industry Fund (Shenzhen) Partnership (Limited Partnership) (the “China Mobile Fund”), Ningbo Xinshi Online Finance Equity Investment Partnership (the “Ningbo Xinshi”), Beijing Tianshi Kaiyuan I Investment Fund Management Centre Partnership (Limited Partnership) (the “Beijing Tianshi Kaiyuan”) and Tibet Lingsheng Capital Investment Management Co., Ltd. (the “Tibet Lingsheng”) in 2016.

Pursuant to the agreements, all loans can be converted into the shares of Wisest based on the lower of (1) pre-money valuation and (2) the valuation in the next new round of financing by the Group during the loan period. The proportion of capital contribution shall be adjusted to avoid the shareholding percentage being diluted by the issuance of new shares or increase of registered capital. The term of the loans is one year from the

day when the Group receives all the amount and can be extended. If investors cannot convert the loan into shares of the Company or the Group fails to repay the loan before its expiry date, the Group shall pay an interest based on 10% simple annual interest on the actual outstanding amount until the Group has fully paid up the principal and interest of the loan.

In 2016, the loans from Shenzhen Huatai, Shanghai Chuangji and China Mobile Fund were converted to the Wisest's capital through a repayment in the principal amount of RMB60 million, RMB30 million and RMB160 million in cash and a contemporaneous purchase of shares in the amount of RMB60 million, RMB30 million and RMB160 million in cash.

In 2017, the loans from Shanghai Weiyi, Beijing Tianshi Kaiyuan, Tianhong and Tibet Lingsheng were converted to the Group's shares (note 25(a)(ii)). The loan from Shanghai Chuangji was converted to the Group's shares through a repayment in the principal amount of RMB30 million in cash and a contemporaneous purchase of shares in the amount of RMB30 million in cash. The loan from Ningbo Xinshi was converted to the Group's shares through a repayment in the principal amount of RMB62.6 million in cash. However, Ningbo Xinshi has not injected the amount back to the Group as of December 31, 2017. The Group recorded the receivable from a shareholder of RMB62.6 million on the combined statements of financial position.

The convertible loans are carried at fair value with changes in fair value recognized in the profit or loss. The Group recognized gains of RMB8.4 million, losses of RMB17.7 million and losses of RMB1.5 million in the combined statements of profit or loss and other comprehensive income for the years ended December 31, 2015, 2016 and 2017, respectively.

23 Equity settled share-based transactions

The Group has a share option scheme which was adopted on January 1, 2012 whereby the directors of the Group are authorized, at their discretion, to invite employees of the Group, to take up options to subscribe for shares of the Group. The options vest after one to four years from the date of grant and are then exercisable within a period of ten years. The options granted to certain employees are only exercisable upon the Company's IPO.

(a) *The number and weighted average exercise prices of share options are as follows:*

	2015		2016		2017	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB'000		RMB'000		RMB'000	
Outstanding at the beginning of the period	0.186	29,641,505	0.186	33,056,856	0.186	25,745,698
Forfeited during the period	—	—	0.186	7,749,754	0.186	1,153,356
Granted during the period	0.186	3,415,351	0.186	438,596	—	—
Outstanding at the end of the period	0.186	<u>33,056,856</u>	0.186	<u>25,745,698</u>	0.186	<u>24,592,342</u>
Exercisable at the end of the period	0.186	<u>6,918,468</u>	0.186	<u>7,680,652</u>	0.186	<u>7,680,652</u>

The options outstanding at December 31, 2015, 2016 and 2017 had an exercise price of RMB 0.186, RMB 0.186 and RMB 0.186 respectively, and a weighted average remaining contractual life of 6.9 years as at December 31, 2017.

(b) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model.

	<u>2015</u>	<u>2016</u>
	RMB	RMB
Fair value at measurement date	6.05-9.04	9.26
Share price	6.14-9.11	9.34
Exercise price	0.186	0.186
Expected volatility (expressed as weighted average volatility used in the modeling under binomial lattice model)	47%-47.7%	46.9%
Expected dividends	—	—
Risk-free interest rate	2.86%-3.63%	2.86%

(c) Shares award granted by CGL Consulting Co., Ltd

On December 22, 2017, CGL Consulting Co., Ltd, a subsidiary of the Company, granted 49% of its equity to its director with a fair value of RMB12 million. The share awards are vesting in tranches of 25% each per annum from the date of grant in arrear.

24 Income tax in the combined statements of financial position**(a) Deferred tax assets not recognized**

In accordance with the accounting policy set out in note 2(o), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB258 million, RMB303 million and RMB275 million as at December 31, 2015, 2016 and 2017 respectively. The tax losses will expire from 2018 to 2022.

25 Capital and reserves**(a) Share capital****(i) Capital injection**

The share capital in the combined statements of financial position represents the share capital of Wisest, the holding company of the entities comprised the Group before the reorganization.

In March 2015, Wisest (HK) Information Technology Co., Ltd. injected RMB100,000,000 into INS Network (Beijing) Information Technology Co., Ltd.

In March 2016, Wisest (HK) Information Technology Co., Ltd. injected RMB716,705 into INS Network (Beijing) Information Technology Co., Ltd.

In June 2016, each of Matrix Partners China I Hong Kong Limited, Tenzing Holdings Hong Kong Limited and Giant Lilly Investment Ltd which are the shareholders of Wisest Information Technology Co., Ltd. (Cayman) (the then shareholder of Wisest) injected RMB200,571,212, RMB61,222,081 and RMB195,679,628,

respectively, into Wisest, which included share capital of RMB550,443, RMB168,016 and RMB537,019 and capital premium of RMB200,020,769, RMB61,054,065 and RMB195,142,609, respectively. Such subscriptions of the registered capital of Wisest were completed in May 2016.

(ii) Conversion of convertible loans into capital

In 2016, Shenzhen Huatai, Shanghai Chuangji and China Mobile Fund converted the loans to equity of the Wisest, which included share capital of RMB119,209, and capital premium of RMB260,983,324.

In 2017, Shanghai Chuangji converted the loans to shares of the Group, which included share capital of RMB189,960 and capital premium of RMB33,492,824.

In 2017, Ningbo Xinshi, Shanghai Weiyi, Beijing KaiyuanTianshi, Tianhong and Tibet Lingsheng converted the loans to shares of the Group, which included share capital of RMB1,595,129, and capital premium of RMB267,059,423.

(iii) Capitalization upon conversion of Wisest into a joint stock company

On April 11, 2017, Wisest was converted into a joint stock company with limited liability by converting total equity as at December 31, 2016 into 30,000,000 ordinary shares of nominal value of RMB1.00 each. Excess of total equity of Wisest over the nominal value of total issued share capital has been recognized as “capital reserves” in the combined statements of financial position.

(b) Dividends

During the years of 2015, 2016 and 2017, no dividends were declared by the entities comprising the group to its owners.

(c) Capital reserve

The capital reserve comprises the following:

- Capital premium of Wisest;
- Paid-in capital of the entities comprising the group, after elimination;
- the portion of the grant date fair value of share options granted to employees of the company that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(n)(ii);
- deemed distribution arising from reorganization as disclosed in note 1.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

26 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, prepayments, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Bank deposits are placed with reputable banks.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30-60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group does not have significant concentration of debtors as of December 31, 2015, 2016 and 2017.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 15.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The undiscounted contractual cash outflows of the Group's non-derivative financial liabilities, which are trade and other payables, payables to related parties and convertible loans, at the end of each of the reporting period equal to their carrying values and the earliest date the Group can be required to pay is within one year or on demand.

(c) Currency risk

The Group is exposed to currency risk primarily through deposit on bank which gives rise to cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to

which the transactions relate. The currencies giving rise to this risk are primarily USD. The Group manages this risk as follows:

(i) Recognized assets and liabilities

In respect of deposits denominated in foreign currencies, the Group ensures that the exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies		
	2015	2016	2017
	USD RMB'000	USD RMB'000	USD RMB'000
Cash and cash equivalents	—	25,769	29,210
Time deposits with banks	—	416,151	398,586
Gross exposure arising from recognized assets and liabilities	—	441,920	427,796

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's results after tax and retained profits/(accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2015		2016		2017	
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in loss after tax and (accumulated losses)/retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax and accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits RMB'000
USD	10%	—	10%	33,144	10%	32,085
	(10%)	—	(10%)	(33,144)	(10%)	(32,085)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' results after tax and retained profits/(accumulated loss) measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the

reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(d) Fair value measurement

Financial instruments are carried at fair value within a fair value hierarchy that categorizes, into three levels, inputs to valuation technique as used to measure the fair value. The three different levels are as follows:

- level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- level 3: Unobservable inputs for the asset or liability.

The fair value measurements of the Group's investments in wealth management products are categorized into Level 2, available-for-sale financial assets and convertible loans are categorized into Level 3 in the fair value hierarchy.

During the years of 2015, 2016 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Investments in wealth management products are measured at fair values in the combined statements of financial position. The Group benchmarks the costs against fair values of comparable investments as of the end of each reporting period, and categorized all fair value measures of bank financial products as Level 2 of the fair value hierarchy because they are valued using directly or indirectly observable inputs in the market place.

The carrying amount of available-for-sale financial assets are measured at fair values in the combined statements of financial position as at December 31, 2015, 2016 and 2017.

The Group applied the income approach/discounted cash flow method to estimate the fair value of available-for-sale financial assets. The significant unobservable input adopted in the valuation of the available-for-sale financial assets is weighted average cost of capital (WACC) of the companies that the group has equity investments.

As of December 31, 2015, 2016 and 2017, it is estimated that with all other variables held constant, an increase in the WACC by 5% would have increased the group's loss before taxation by RMB266 thousand, RMB345 thousand and RMB424 thousand, respectively. And a decrease in the WACC by 5% would have decreased the group's loss before taxation by RMB298 thousand, RMB386 thousand and RMB474 thousand, respectively.

The Group adopted a scenario-weighted average method to estimate the fair value of the convertible loans as of December 31, 2015, 2016 and 2017 and each conversion date based on the probability of each scenario and pay off of convertible loans under each scenario. The key assumptions adopted in the convertible loans valuation include the probability and the discount rate. As at December 31, 2015 and 2016, it is estimated that with all other variables held constant, an increase/decrease in the fair value by 10% would have increased/decreased the group's loss before taxation by RMB13 million and RMB23 million, respectively.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	RMB'000	RMB'000	RMB'000
Available-for-sale financial assets:			
At January 1	—	7,700	11,500
Payment for purchases	7,700	3,800	—
Disposal	—	—	(1,500)
Impairment	—	—	(3,800)
At December 31	<u>7,700</u>	<u>11,500</u>	<u>6,200</u>
Convertible loans:			
At January 1	—	171,622	300,835
New loans	180,000	372,638	—
(Gain)/ loss on fair value changes.....	(8,378)	17,678	1,502
Convert into equity.....	—	(261,103)	(302,337)
At December 31	<u>171,622</u>	<u>300,835</u>	<u>—</u>

27 Commitments

At end of each reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	RMB'000	RMB'000	RMB'000
Within 1 year	18,394	28,290	31,361
After 1 year but within 5 years	15,488	65,940	70,454
	<u>33,882</u>	<u>94,230</u>	<u>101,815</u>

The Group leases a number of office premises under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the leases after that date. Lease payments are usually increased every year to reflect market rentals. None of the leases includes contingent rentals.

28 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 9(a) and certain of the highest five paid employees as disclosed in note 9(b) is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	2,803	3,991	5,183
Contributions to defined contribution retirement	185	197	264
Share-based compensation expenses.....	3,821	1,865	125
	<u>6,809</u>	<u>6,053</u>	<u>5,572</u>

Total remuneration is included in “staff costs” (see note 6(a)).

(b) Related party balances and transactions

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Names of related parties	Nature of relationship
Wisest Information Technology Co., Ltd. (Cayman)	Controlled by an Executive director
Lebanban (Beijing) Technology Co., Ltd.* 樂班班 (北京) 科技有限公司	Controlled by an Executive director
Wisest (HK) Information Technology Co., Ltd.* 萬仕道 (香港) 信息技術有限公司	Controlled by an Executive director
Dai Kebin 戴科彬	Executive director, and the ultimate controlling party

Note:

* The English translation of the company's name is for reference only. The official name of the company is in Chinese.

Related party balances

(i) Non-trade receivables from related parties:

	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Due from Lebanban (Beijing) Technology Co., Ltd.	30	2,820	500
Due from Mr. Dai	<u>1,800</u>	<u>—</u>	<u>1,500</u>
	<u>1,830</u>	<u>2,820</u>	<u>2,000</u>

The receivable due from Mr. Dai as at December 31, 2017 was generated from the disposal of investment in available-for-sale financial assets in the year of 2017.

The receivables from related parties will be settled before the listing of the Company.

(ii) Non-trade payables to related parties:

	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Due to Wisest Information Technology Co., Ltd. (Cayman)	<u>—</u>	<u>1,457</u>	<u>2,004</u>

The payables to related parties will be settled before the listing of the Company.

Related party transactions

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	RMB'000	RMB'000	RMB'000
Fundings transfer from			
Temporary borrowings			
- Wisest Information Technology Co., Ltd. (Cayman).....	—	1,457	547
- Lebanban (Beijing) Technology Co., Ltd.....	—	—	2,820
- Mr. Dai.....	—	1,800	—
Fundings transfer to			
Temporary borrowings			
- Lebanban (Beijing) Technology Co., Ltd.....	30	2,790	500
- Mr. Dai.....	1,800	—	1,500

In the year of 2015, Wisest (HK) Information Technology Co., Ltd., provided credit guarantee of RMB 50 million to banks in respect of Wisest's bank borrowings. The borrowings was settled and the guarantee was released in September 2015.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a few amendments and new standards which are not yet effective for the year ended December 31, 2017 and which have not been adopted in the Historical Financial Information. These include the following.

	<u>Effective for accounting periods beginning on or after</u>
IFRS 9, <i>Financial instruments</i>	January 1, 2018
IFRS 15, <i>Revenue from contracts with customers</i>	January 1, 2018
Amendments to IFRS 2, <i>Share-based payment</i> :	
<i>Classification and measurement of share-based payment transactions</i>	January 1, 2018
Amendments to IAS 40, <i>Investment Properties: Transfers of investment property</i>	January 1, 2018
IFRIC 22, <i>Foreign currency transactions and advance consideration</i>	January 1, 2018
Annual Improvements to IFRSs 2014-2016 cycle	January 1, 2018
IFRS 16, <i>Leases</i>	January 1, 2019
IFRIC 23, <i>Uncertainty over income tax treatments</i>	January 1, 2019
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has not identified any aspects of the new standards which may have a significant impact on the combined financial information. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 9 and IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's financial report for the next financial period. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

IFRS 9 is effective for the annual periods beginning on or after January 1, 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognize any transition adjustments against the opening balance of equity at January 1, 2018.

Expected impacts of the new requirements on the Group's financial information are as follows:

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortized cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairments and gains/losses on disposal will be recognized in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognized in profit or loss. Gains, losses and impairments on that security will be recognized in other comprehensive income without recycling.

The Group has assessed that its financial assets other than investment in wealth management products measured at fair value will continue with their respective classification and measurements upon the adoption of IFRS 9. Investment in wealth management products will be designated as FVTPL upon the adoption of IFRS 9.

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognized in other comprehensive income (without reclassification to profit or loss).

Based on the preliminary assessment, the Group concludes that the initial adoption of IFRS 9 (for classification and measurement of financial assets) will not have a material impact on the Group's financial position and performance.

(b) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to

occur before an impairment loss is recognized. Instead, an entity is required to recognize and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances.

Based on the preliminary assessment, the Group expects that the application of the expected credit loss model will not have a material impact on its combined financial information.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognizing revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting IFRS 15 on its financial statements. Based on the assessment completed to date, the group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2(q). Currently, revenue from the talent services is generally recognized when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognized when the customer obtains control of the promised goods or service in the contract. IFRS 15 identifies 3 situations in which control of the promised goods or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognizes revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts IFRS 15 some of the Group's contract that are currently recognized at a point in time may meet the IFRS 15 criteria for revenue recognition over time. This will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts the point in time when revenue is recognized may be earlier or later than under the current accounting policy.

The Group has assessed that the adoption of IFRS 15 will not have a material impact on the Group's timing of revenue recognition.

(b) Revenue recognition on unconsumed service

The Company's subscription based services are principally sold on a prepaid basis. Payments received for prepaid packages are recorded as deferred revenue in the combined statement of financial position at the time of receipt. The contract period of a package is generally one-year. Currently, the revenue from consumption-based services included in the package is recognized upon the consumption of the individual service. The service that is not consumed within the contract period is recognized as revenue upon the expiry of the contract when the Group has no future obligation.

Under IFRS 15, such unconsumed service treatments are referred to as breakage. If an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If an entity does not expect to be entitled to a breakage amount, the entity shall recognize the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote. To determine whether an entity expects to be entitled to a breakage amount, the entity shall consider the guidance on constraining estimates of variable consideration, which is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The Group has provided the consumption-based talent services for only a limited number of years (since 2013), and the number of customers increased significantly year over year. Further, the customer's behavior in consuming services included in the package varies. Therefore, there is no reliable historical usage trend for the unconsumed service. The Group is not in a position to determine with a high degree of confidence the amount for the unconsumed service which will not be utilized, as such, the Group will recognize the breakage as revenue only when the likelihood becomes remote that the customer will exercise its rights. In this regard, the Group concludes that there is no material impact on the Group's revenue recognition related with breakage when IFRS 15 is initially adopted.

IFRS 16, Leases

As disclosed in note 2(h), currently the Group classifies leases into operating leases and accounts for the lease arrangements accordingly. The Group enters into some leases as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for office premises which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statements of profit or loss over the period of the lease. As disclosed in note 27, at December 31, 2015, 2016 and 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB34 million, RMB94 million and RMB102 million for office premises respectively, the majority of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform

a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting. Based on the preliminary assessment, the adoption of IFRS 16 is not expected to have a material impact on its net assets in combined financial information.

The Group will not consider the early adoption of IFRS 16 before its effective date of January 1, 2019.

30 Non-adjusting events after the reporting period

- (a) Acquisition of equity interests in Unicareer (Shanghai) Education Technology Co., Ltd. (“Unicareer Acquisition”)

On December 31, 2017, Liedao entered into an investment agreement with, among others, Unicareer (Shanghai) Education Technology Co., Ltd. (職優你 (上海) 教育科技有限公司) (“Unicareer”), pursuant to which Liedao agreed to acquire certain registered capital in Unicareer from its existing shareholders for a total consideration of RMB18,979,932 and agreed to subscribe for additional registered capital in Unicareer for a total consideration of RMB36,000,000. Unicareer is a company established in the PRC and principally engaged in the businesses of online and offline career training for students and employees. The Group satisfied the consideration payable for the Unicareer Acquisition in cash, which had been fully settled on January 25, 2018. As a result of the Unicareer Acquisition, the Company holds, through Liedao, approximately 9.9723% of the enlarged registered capital of Unicareer.

Based on the shareholders’ agreement entered into by Liedao with Unicareer and its other shareholders dated December 31, 2017, Liedao will have the right to appoint one director to the board of directors (which comprises a total of nine directors) of Unicareer. In addition, the director to be appointed by Liedao will not be involved in the daily management of Unicareer.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2017.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I in this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I in this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below for the purpose of illustrating the effect of the Global Offering on the combined net tangible assets attributable to equity shareholders of the Company as if it had taken place on December 31, 2017. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at December 31, 2017 or at any future dates.

	Combined net tangible assets attributable to equity shareholders of the Company as at December 31, 2017 ⁽ⁱ⁾		Estimated net proceeds from the Global Offering ⁽ⁱⁱⁱ⁾	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted net tangible assets per Share ^(iv)	
	RMB'000	Repurchase of shares ⁽ⁱⁱ⁾ RMB'000			RMB'000	RMB'000
Based on an Offer Price of						
HK\$28.50 per Share	375,980	(79,145)	1,949,006	2,245,841	4.53	5.54
Based on an Offer Price of						
HK\$35.50 per Share	375,980	(79,145)	2,436,240	2,733,075	5.52	6.75

Notes:

- (i) The combined net tangible assets attributable to equity shareholders of the Company as at December 31, 2017 is based on the combined net assets of our Company of RMB388,402,000 as at December 31, 2017 after deduction of non-controlling interests of RMB3,817,000 and intangible assets of RMB8,605,000, as shown in the Accountants' Report as set out in Appendix I in this prospectus.
- (ii) In preparation for the Global Offering, the Group immediately prior to listing underwent the Reorganization as set out under the section headed "History, Reorganization and Corporate structure" of this prospectus. On March 27, 2018, the Company entered into the Pre-IPO Investment Agreements with, among others, the Pre-IPO Investors who are the shareholders of Wisest other than Mr. Dai Kebin ("Mr. Dai"), Mr. Chen Xingmao ("Mr. Chen") and four entities controlled by Mr. Dai, Ningbo Xinshi Online Finance Equity Investment Partnership and Tibet Lingsheng Capital Investment Management Co., Ltd., pursuant to which the Company issued Convertible Preferred Shares to the Pre-IPO Investors. Pursuant to the agreement entered with Ningbo Xinshi Online Finance Equity Investment Partnership and Tibet Lingsheng Capital Investment Management Co., Ltd., Wisest (Beijing) Management Consulting Co., Ltd. (the "Wisest") will repurchases the shares held by Ningbo Xinshi Online Finance Equity Investment Partnership and Tibet Lingsheng Capital Investment Management Co., Ltd. in the amount of RMB 72,644,781 and RMB 6,500,000, respectively, representing 1.2% and 0.1% of shares of Wisest before restructuring. The adjustment represents the effect of shares repurchase by the Group at an aggregate consideration of RMB 79,144,781, as set out in the section headed "History, Reorganization and Corporate structure — Corporate restructuring — 3. Acquisition of interests in Wisest" in this prospectus, which was completed on 31 March 2017, assuming that the transactions under the Reorganization had been completed on 31 December 2017.
- (iii) The estimated net proceeds from the Global Offering are based on the estimated Offer Prices of HK\$28.50 per share (being the minimum Offer Price) or HK\$35.50 per share (being the maximum Offer Price), after deduction of the underwriting fees and related listing expenses payable by our Company and 88,000,000 Shares expected to be issued under the Global Offering, takes no account

of any Shares that may be issued upon exercise of options that may be granted under the Pre-IPO Share Option Scheme. The estimated net proceeds from the Global Offering is converted into Renminbi at an exchange rate of HK\$1.2231 to RMB1 published by PBOC prevailing on June 5, 2018. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate or at all.

- (iv) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments as described in note (iii) and on the basis that 495,559,464 Shares were in issue assuming that the Global Offering was completed on December 31, 2017 (including Shares in issue as of the Date of this prospectus and those Shares to be issued pursuant to the Global Offering) without taking into account of any Shares which may be issued upon exercise of options that may be granted under the Pre-IPO Share Option Scheme.
- (v) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.2231 to RMB1 published by PBOC prevailing on June 5, 2018. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate or at all.
- (vi) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group subsequent to December 31, 2017.

(B) REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF WISE TALENT INFORMATION TECHNOLOGY CO., LTD**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Wise Talent Information Technology Co., Ltd (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at *December 31, 2017* and related notes as set out in Part A of Appendix II to the prospectus dated June 19, 2018 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2017. As part of this process, information about the Group's financial position as at December 31, 2017 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG*Certified Public Accountants*

Hong Kong

June 19, 2018

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 9, 2018 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 9, 2018 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorized share capital of the Company at the date of adoption of the Articles is US\$100,000 divided into 1,000,000,000 shares of US\$0.0001 each.

2.2 Directors**(a) Power to allot and issue Shares**

Subject to the provisions of the Cayman Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Cayman Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Cayman Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject

nevertheless to the provisions of the Cayman Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in

the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The number of Directors shall not be less than two, the majority of whom shall be a PRC national, a PRC governmental entity or an entity incorporated in the PRC that is controlled by PRC nationals and/or PRC governmental entities.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless proposed by the Directors pursuant to the recommendation of the Nomination Committee, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, and such person has been approved by the Nomination Committee and the Directors.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by a resolution of the Nomination Committee and a notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms

of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Cayman Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Law.

2.6 Special resolution — majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a statement of financial position as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

- (e) the shares concerned are free of any lien in favor of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Cayman Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment

thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Cayman Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in

question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Cayman Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 30, 2018 under the Cayman Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Cayman Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law);
- (d) writing-off the preliminary expenses of the company;

- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Cayman Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Cayman Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Cayman Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Cayman Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Cayman Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is

unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or

- (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on January 30, 2018. Our registered office is at Maples Corporate Services Limited, P.O. Box 309 Uglund House, Grand Cayman, KY1 — 1104, Cayman Islands. Accordingly, our Company's corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in the section headed "Summary of the Articles of Association" in Appendix III to this Prospectus.

Our registered place of business in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 12, 2018 with the Registrar of Companies in Hong Kong. Ms. Fung Wai Sum (馮慧森) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Our Company's head office is located at Room 415-3, Building No. 5, Courtyard No. 59, Gaoliangqiaoxie Road, Haidian District, Beijing, the PRC.

2. Changes in the Share Capital

As of the date of incorporation of our Company, our authorized share capital was US\$100,000, divided into 1,000,000,000 shares of a nominal or par value of US\$0.0001.

As part of the Reorganization, the following changes in our Company's issued share capital were implemented:

- (a) On March 27, 2018, our authorized share capital was changed to US\$100,000 divided into 714,944,917 ordinary Shares with a par value of US\$0.0001 each, 227,638,310 Series A-1 Convertible Preferred Shares with a par value of US\$0.0001 each, 5,452,724 Series A-2 Convertible Preferred Shares with a par value of US\$0.0001 each and 51,964,049 Series A-3 Convertible Preferred Shares with a par value of US\$0.0001 each.
- (b) On March 27, 2018, our Company issued Shares with a par value of US\$0.0001 each in the following manner on March 27, 2018:
 - (i) 101,524,691 ordinary Shares to May Flower;
 - (ii) 13,145,085 ordinary Shares to Wisest Holding Co., Limited ("**Wisest Holding**"); and
 - (iii) 13,598,225 ordinary Shares to Xiaoying Information Technology Co., Limited ("**Xiaoying**").
- (c) On March 27, 2018, our Company issued the Convertible Preferred Shares in the following manner on March 27, 2018:
 - (i) 99,804,139 Series A-1 Convertible Preferred Shares to Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P. (collectively, "**Matrix Partners**");

- (ii) 30,464,038 Series A-1 Convertible Preferred Shares to Tenzing Holdings 2011 Ltd. (“**Tenzing**”); and
- (iii) 97,370,133 Series A-1 Convertible Preferred Shares to Giant Lilly Investment Ltd (“**Giant Lilly**”);
- (iv) 5,452,724 Series A-2 Convertible Preferred Shares and 27,312,231 Series A-3 Convertible Preferred Shares to Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership) (三啟未來 (天津) 企業管理合夥企業 (有限合夥)) (“**Sanqi Weilai**”);
- (v) 13,435,471 Series A-3 Convertible Preferred Shares to China Mobile Fund (中移創新產業基金 (深圳) 合夥企業) (有限合夥) (“**China Mobile Fund**”); and
- (vi) 5,452,724 Series A-3 Convertible Preferred Shares to Huatai China Industry Power Investment Fund Limited Partnership (“**Huatai China**”).

Immediately prior to the completion of the Global Offering, our authorized share capital will be changed to US\$100,000 divided into 1,000,000,000 Shares, by the re-designation of 227,638,310 Series A-1 Preferred Shares, 5,452,724 Series A-2 Convertible Preferred Shares and 51,964,049 Series A-3 Convertible Preferred Shares into ordinary Shares with a par value of US\$0.0001 each.

Save as disclosed herein, there has been no alteration in our share capital and no redemption, repurchase or sale of any of our share capital since our incorporation.

3. Resolutions of our Shareholders

At an extraordinary general meeting of our Company held on June 9, 2018, resolutions of our Shareholders were passed, pursuant to which, among others:

- (a) the authorized share capital of our Company was changed to US\$100,000 divided into 1,000,000,000 Shares, by the re-designation of 227,638,310 Series A-1 Convertible Preferred Shares, 5,452,724 Series A-2 Convertible Preferred Shares and 51,964,049 Series A-3 Convertible Preferred Shares into ordinary Shares with a par value of US\$0.0001 each, with effect immediately prior to the Listing; The Memorandum and Articles of Association were approved and adopted conditional upon Listing;
- (b) conditional upon all the conditions set out in “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” in this Prospectus being fulfilled:
 - (i) the Global Offering was approved and the Board (or any committee thereof established by the Board pursuant to the Articles) was authorized to make or effect the same as it thinks fit;
 - (ii) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorized to allot, issue and approve the transfer of such number of Shares in connection with the Global Offering; and
 - (iii) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorized to agree to the price per Offer Share with the Joint Bookrunners.
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or

grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted, issued or dealt with, otherwise than pursuant to the Global Offering or pursuant to a right issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the number of the Shares in issue immediately following completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest;

- (d) a general unconditional mandate was given to the Directors authorizing them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the number of the Shares in issue immediately following the completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;
- (e) the general mandate mentioned in paragraph (c) above be extended by the addition to the number of the Shares which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by the Company pursuant to the mandate to purchase shares referred to in paragraph (d) above; and
- (f) conditional upon completion of the Global Offering, each of the Convertible Preferred Shares be converted into ordinary Shares of our Company by way of redesignation as ordinary Shares.

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of our Shares on the Stock Exchange. See the section headed “History, Reorganization and Corporate Structure” in this Prospectus for information relating to the Reorganization.

5. Changes in the Capital of Our Subsidiaries

Our subsidiaries during the Track Record Period are referred to in the Accountants’ Report set out in Appendix I to this Prospectus. The following alterations in the share or registered capital of our subsidiaries have taken place within two years immediately preceding the date of this Prospectus.

Wisest

Wisest was established in the PRC on September 7, 2006 by Ms. Dai Keying Ms. Li Yuanyuan and Mr. Zhao Binbin. At the time of establishment, Ms. Dai Keying held 92% of the equity interests in Wisest and the Mr. Zhao Binbin and Ms. Li Yuanyuan held 5% and 3%, respectively, of the equity interests in Wisest.

- On April 8, 2016, the registered capital of Wisest was increased from RMB1,000,000 to RMB2,255,478.

- On June 28, 2016, the registered capital of Wisest was increased from RMB2,255,478 to RMB2,300,588.
- On December 30, 2016, the registered capital of Wisest was increased from RMB2,300,588 to RMB2,374,687.
- On April 27, 2017, the registered capital of Wisest was increased from RMB2,374,687 to RMB30,000,000.
- On July 19, 2017, the registered capital of Wisest was increased from RMB30,000,000 to RMB30,189,960.
- On October 17, 2017, the registered capital of Wisest was increased from RMB30,189,960 to RMB31,785,089.
- On May 23, 2018, the registered capital of Wisest was increased from RMB31,785,089 to RMB39,746,000.

TD Elite

TD Elite was established in the PRC on July 27, 2015 as the holding company of our ICP License by Liedao, Matrix Partners China I Hong Kong Limited (“**Matrix HK**”), Giant Lilly and Tenzing Holdings Hong Kong Limited (“**Tenzing HK**”). Matrix HK is an affiliate of Matrix Partners, which are substantial shareholders of our Company. Giant Lilly is a substantial shareholder of our Company. Tenzing HK is an affiliate of Tenzing, a minority shareholder of our Company. At the time of establishment, Liedao, Matrix HK, Giant Lilly and Tenzing HK held 50.1%, 21.88%, 21.345% and 6.675%, respectively, of the equity interests in TD Elite.

- On March 2, 2016, the registered capital of TD Elite was increased from RMB2,000,000 to RMB12,000,000.

Liedao

Liedao was established in the PRC on April 25, 2014 by Mr. Dai. At the time of establishment, Mr. Dai and Mr. Chen held 99% and 1%, respectively, of the equity interests in Liedao.

INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯 (北京) 信息技術有限公司)

On May 3, 2016, the registered capital of INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯 (北京) 信息技術有限公司) was changed to RMB323,154,922, which had been fully paid up.

CGL Consulting Co., Ltd (上海德築企業管理有限公司)

On December 2, 2017, the registered capital of CGL Consulting Co., Ltd (上海德築企業管理有限公司) was increased from RMB2,000,000 to RMB4,081,600. For details, please refer to the section headed “History, Reorganization and Corporate Structure — Acquisitions and Investments” in this Prospectus.

Save as disclosed above, there have been no alterations in the capital of our subsidiaries within the two years immediately preceding the date of this Prospectus.

6. Repurchases of Our Own Securities

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution of our Company passed at an extraordinary general meeting of our Company held on June 9, 2018, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the number of Shares in issue immediately following the completion of the Global Offering until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) *Status of repurchased Shares*

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be canceled and destroyed.

(v) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

(vi) *Procedural and reporting requirements*

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) *Connected parties*

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this Prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this Prospectus. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 495,559,464 Shares in issue immediately following the completion of the Global Offering, could accordingly result in 49,555,946 Shares being repurchased by our Company during the period prior to the earliest occurrence of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of Hong Kong to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting (the “**Relevant Period**”).

(d) *General*

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong. Our Company have not repurchased any Shares since our incorporation.

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this Prospectus that are or may be material:

- (a) an agreement dated November 30, 2016 entered into among Mr. Dai, Mr. Chen, Tianjin Liejin Asset Management Partnership (Limited Partnership) (天津獵津資產管理合夥企業(有限合夥)) (“**Liejin Asset Management**”), Tianjin Liexin Asset Management Partnership (Limited Partnership) (天津獵鑫資產管理合夥企業(有限合夥)) (“**Liexin Asset Management**”), Tianjin Kuailie Enterprise Management Partnership (Limited Partnership) (天津快獵企業管理合夥企業(有限合夥)) (“**Kuailie Enterprise Management**”), Tianjin Qilie Enterprise Management Partnership (Limited Partnership) (天津奇獵企業管理合夥企業(有限合夥)) (“**Qilie Enterprise Management**”), Matrix Partners China I Hong Kong Limited (“**Matrix HK**”), Tenzing Holdings Hong Kong Limited (“**Tenzing HK**”), Giant Lilly Investment Ltd (“**Giant Lilly**”), Shanghai Zhenyi Investment Management Partnership (Limited Partnership) (上海臻翌投資管理合夥企業(有限合夥)) (“**Shanghai Zhenyi**”), Shenzhen Huatai Ruilin Equity Investment Fund Partnership (Limited Partnership) (深圳市華泰瑞麟股權投資基金合夥企業(有限合夥)) (“**Shenzhen Huatai Ruilin**”), Shanghai Chuangji Investment Centre (Limited Partnership) (上海創稷投資中心(有限合夥)) (“**Shanghai Chuangji**”) and China Mobile Fund (中移創新產業基金(深圳)合夥企業(有限合夥)) (“**China Mobile Fund**”), pursuant to which China Mobile Fund agreed to acquire registered capital of RMB74,099 of Wisest for a total consideration of RMB160,000,000;
- (b) an agreement dated March 1, 2017 entered into among Mr. Dai, Mr. Chen, Liejin Asset Management, Liexin Asset Management, Kuailie Enterprise Management, Qilie Enterprise Management, Matrix HK, Tenzing HK, Giant Lilly, Shanghai Chuangji, Shanghai Zhenyi, Shenzhen Huatai Ruilin and China Mobile Fund, pursuant to which Wisest (Beijing) Management Consulting Co., Ltd (萬仕道(北京)管理諮詢有限公司) has converted into a joint stock company with a registered capital of RMB30,000,000;
- (c) an agreement dated May 23, 2017 entered into among Mr. Dai, Mr. Chen, Liejin Asset Management, Liexin Asset Management, Kuailie Enterprise Management, Qilie Enterprise Management, Matrix HK, Tenzing HK, Giant Lilly, Shanghai Zhenyi, Shenzhen Huatai Ruilin, China Mobile Fund, Shanghai Chuangji and Wisest, pursuant to which Shanghai Chuangji agreed to acquire registered capital of RMB189,960 of Wisest for a total consideration of RMB30,000,000;
- (d) an agreement dated June 18, 2017 entered into among Shanghai Weiyi Investment Management Centre (Limited Partnership) (上海未易投資管理中心(有限合夥)) (“**Shanghai Weiyi**”), Beijing Tianshi Kaiyuan I Investment Fund Management Centre (Limited Partnership) (北京天時開元一期投資基金管理中心(有限合夥)) (“**Beijing Tianshi**”), Tianjin Shengyuan Equity Investment Partnership (Limited Partnership) (天津晟遠股權投資合夥企業(有限合夥)) (“**Tianjin Shengyuan**”), Tibet Lingsheng Capital Investment Management Co., Ltd. (西藏領盛資本投資管理有限公司) (“**Tibet Lingsheng**”), Ningbo Xinshi Online Finance Equity Investment Partnership (Limited Partnership) (寧波信石網財股權投資合夥企業(有限合夥)) (“**Ningbo Xinshi**”), Wisest, Mr. Dai, Mr. Chen, Liejin Asset Management, Liexin Asset Management, Kuailie Enterprise Management, Qilie Enterprise Management, Matrix HK, Tenzing HK, Giant Lilly, Shanghai Zhenyi, Shenzhen Huatai Ruilin, China Mobile Fund and Shanghai Chuangji, pursuant to which Shanghai Weiyi agreed to acquire RMB351,043 registered capital of Wisest for a total consideration of RMB60,000,000, Beijing Tianshi agreed to acquire registered capital of RMB380,297 of Wisest for a total consideration of RMB65,000,000, Tianjin Shengyuan agreed to acquire registered capital of RMB462,207 of Wisest for a total consideration of RMB79,000,000, Tibet Lingsheng agreed to acquire RMB35,104 registered capital of Wisest for a total consideration of RMB6,000,000, and Ningbo Xinshi agreed to acquire registered capital of RMB366,478 of Wisest for a total consideration of RMB62,638,056;

- (e) an investment agreement dated December 2, 2017 entered into between CGL Consulting Co., Ltd (上海德築企業管理有限公司), Zhuang Hua (莊華) and TD Elite, pursuant to which TD Elite agreed to acquire registered capital of RMB2,081,600 of CGL Consulting Co., Ltd (上海德築企業管理有限公司) for a total consideration of RMB25,000,000;
- (f) an investment agreement dated December 31, 2017 entered into among Shenzhen Oriental Fortune Capital Management Company Limited (深圳市東方富海投資管理股份有限公司), Shenzhen Fortune Innovation Venture Investment Fund Enterprise (Limited Partnership) (深圳富海創新創業投資基金企業(有限合夥)), Zhuhai Fortune Huajin Venture Investment Fund (Limited Partnership) (珠海富海華金創業投資基金(有限合夥)), Liedao, Beijing Oriental Zhuoyong Investment Management Company Limited (北京東方卓永投資管理有限公司), Suzhou Kunzhong Yuanxin Equity Investment Partnership (Limited Partnership) (蘇州昆仲元昕股權投資合夥企業(有限合夥)), Yu Jia (余佳), Wang Danye (王丹葉), Zhiyu (Shanghai) Education Technology Partnership (Limited Partnership) (職遇(上海)教育科技合夥企業(有限合夥)), Unicareer, UniCareer LLC and YOU (SHANGHAI) TECHNOLOGY CORP, pursuant to which Liedao agreed to acquire registered capital of RMB118,000 in Unicareer from its existing shareholders for a total consideration of RMB18,979,932 and subscribe for additional registered capital of RMB201,032 in Unicareer for a total consideration of RMB36,000,000;
- (g) a reorganization framework agreement dated March 27, 2018 entered into among our Company, TD Elite HK, Wisest, TD Elite, Lebanban (Tianjin) Insurance Agency Co., Limited (樂班班(天津)保險經紀有限公司), Wisest (Tianjin) Information Technology Co., Limited (萬仕道(天津)信息技術有限公司), Liexin (Beijing) Media Co., Limited (獵新(北京)傳媒有限公司), TD Information Technology Co., Limited (同道匯才(天津)信息技術有限公司), INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司), Liepin (HK) Information Technology Co., Limited, TD Elite (HK) Management Consulting Co., Limited, Wuxi Wisest Education Consulting Co., Limited (無錫萬仕道教育諮詢有限公司), Liedao, Liepin Caice (Tianjin) Information Technology Co., Limited (獵聘才測(天津)信息技術有限公司), Liepin North America Inc., Mr. Dai, Mr. Chen, Liejin Asset Management, Tianjin Liexin Enterprise Management Partnership (Limited Partnership) (天津獵鑫企業管理合夥企業(有限合夥)) (“**Liexin Enterprise Management**”), Kuailie Enterprise Management, Qilie Enterprise Management, Matrix HK, Tenzing HK, Giant Lilly, Shanghai Chuangji, Shenzhen Huatai Ruilin, Shanghai Weiyi, Beijing Tianshi, China Mobile Fund, Tianjin Shengyuan, Tibet Lingsheng, Shanghai Zhenyi, May Flower Information Technology Co., Limited (“**May Flower**”), Xiaoying Information Technology Co., Limited (“**Xiaoying**”), Wisest Holding Co., Limited, Dai Keying (戴科英), Sanqi Weilai (Tianjin) Enterprise Management Partnership (Limited Partnership) (三啟未來(天津)企業管理合夥企業(有限合夥)) (“**Sanqi Weilai**”), Matrix Partners China I, L.P., Matrix Partners China I-A, L.P. and Tenzing Holdings 2011 Ltd. (“**Tenzing**”), in relation to the Reorganization;
- (h) the series A preferred shares purchase agreement dated March 27, 2018 entered into among our Company, TD Elite HK, TD Elite, Wisest, Wisest (Tianjin) Information Technology Co., Limited (萬仕道(天津)信息技術有限公司), TD Information Technology Co., Limited (同道匯才(天津)信息技術有限公司), INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司), Liepin Caice (Tianjin) Information Technology Co., Limited (獵聘才測(天津)信息技術有限公司), Liedao, May Flower, Xiaoying, Mr. Dai, Mr. Chen (the “**Relevant Parties**”), Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P., pursuant to which Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P. subscribed for, and our Company issued 90,622,158 and 9,181,981 Series A-1 Convertible Preferred Shares to Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P., respectively, for a total consideration of US\$27,432,820.98 and US\$2,779,536.93, respectively;
- (i) the series A preferred shares purchase agreement dated March 27, 2018 entered into between the Relevant Parties and Giant Lilly, pursuant to which, Giant Lilly subscribed for, and our Company

issued 97,370,133 Series A-1 Convertible Preferred Shares for a total consideration of US\$29,446,949.73;

- (j) the series A preferred shares purchase agreement dated March 27, 2018 entered into between the Relevant Parties and Tenzing pursuant to which, Tenzing subscribed for, and our Company issued 30,464,038 Series A-1 Convertible Preferred Shares for a total consideration of US\$9,230,230.39;
- (k) the series A preferred shares purchase agreement dated March 27, 2018 entered into between the Relevant Parties and Sanqi Weilai, pursuant to which, Sanqi Weilai subscribed for, and our Company issued 5,452,724 Series A-2 Convertible Preferred Shares and 27,312,231 Series A-3 Convertible Preferred Shares for a total consideration of the US Dollars equivalent to RMB60,000,000 and RMB325,258,402, respectively;
- (l) the series A preferred shares purchase agreement dated March 27, 2018 entered into between the Relevant Parties and China Mobile Fund, pursuant to which, China Mobile Fund subscribed for, and our Company issued 13,435,471 Series A-3 Convertible Preferred Shares for a total consideration of the US Dollars equivalent to RMB160,000,000.00;
- (m) the series A preferred shares purchase agreement dated March 27, 2018 entered into between the Relevant Parties and Huatai China Industry Power Investment Fund Limited Partnership (“**Huatai China**”), pursuant to which, Huatai China subscribed for, and our Company issued 5,452,724 Series A-3 Convertible Preferred Shares for a total consideration of the US Dollars equivalent to RMB71,718,000;
- (n) the shareholders agreement of our Company dated March 27, 2018 entered into between the Relevant Parties, Wisest Holding Co., Limited, Matrix Partners China I, L.P., Matrix Partners China I-A, L.P., Tenzing, Giant Lilly, Huatai China, Sanqi Weilai and China Mobile Fund;
- (o) an exclusive business cooperation agreement dated April 26, 2018 entered into between Wisest and Tiancai Youdao, pursuant to which Wisest agreed to engage Tiancai Youdao as its exclusive provider of business support, technical and consulting services;
- (p) an exclusive business cooperation agreement dated April 26, 2018 entered into between TD Elite and Tiancai Youdao, pursuant to which TD Elite agreed to engage Tiancai Youdao as its exclusive provider of business support, technical and consulting services;
- (q) an exclusive business cooperation agreement dated April 26, 2018 entered into between Liedao and Tiancai Youdao, pursuant to which Liedao agreed to engage Tiancai Youdao as its exclusive provider of business support, technical and consulting services;
- (r) an exclusive option agreement dated April 26, 2018 entered into between Mr. Dai, Mr. Chen, Liejin Asset Management, Liexin Enterprise Management, Kuailie Enterprise Management, Qilie Enterprise Management (the “**Relevant Wisest Shareholders**”), Wisest and Tiancai Youdao, pursuant to which Tiancai Youdao (or our Company or any subsidiary of our Company) is granted an irrevocable and exclusive right to purchase all of the equity interest in and/or assets of Wisest held by or attributable to the Relevant Wisest Shareholders for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Please refer to the section headed “Contractual Arrangements — Exclusive Option Agreements” of this Prospectus for details;

- (s) an exclusive option agreement dated April 26, 2018 entered into between Liedao, Matrix HK, Giant Lilly, Tenzing HK (the “**Relevant TD Elite Shareholders**”), TD Elite and Tiancai Youdao, pursuant to which Tiancai Youdao (or our Company or any subsidiary of our Company) is granted an irrevocable and exclusive right to purchase all of the equity interest in TD Elite held by the Relevant TD Elite Shareholders and/or all of the assets of TD Elite for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Please refer to the section headed “Contractual Arrangements — Exclusive Option Agreements” of this Prospectus for details;
- (t) an exclusive option agreement dated April 26, 2018 entered into between Mr. Dai, Mr. Chen (the “**Relevant Liedo Shareholders**”), Liedao and Tiancai Youdao, pursuant to which Tiancai Youdao (or our Company or any subsidiary of our Company) is granted an irrevocable and exclusive right to purchase all of the equity interest in Liedao held by the Relevant Liedao Shareholders and/or all of the assets of Liedao for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Please refer to the section headed “Contractual Arrangements — Exclusive Option Agreements” of this Prospectus for details;
- (u) a share pledge agreement dated April 26, 2018 entered into between Wisest, the Relevant Wisest Shareholders and Tiancai Youdao, pursuant to which the Relevant Wisest Shareholders will pledge as first charge all of their respective equity interests in Wisest to Tiancai Youdao as collateral security for any or all of payments due by Wisest to Tiancai Youdao and to secure performance of their obligations under the exclusive business cooperation agreement, the exclusive option agreement and the power of attorney in relation to Wisest as summarized in paragraphs (o) and (r) above and paragraph (x) below, respectively. Please refer to the section headed “Contractual Arrangements — Share Pledge Agreements” of this Prospectus for details;
- (v) a share pledge agreement dated April 26, 2018 entered into between TD Elite, the Relevant TD Elite Shareholders and Tiancai Youdao, pursuant to which the Relevant TD Elite Shareholders will pledge as first charge all of their respective equity interests in TD Elite to Tiancai Youdao as collateral security for any or all of payments due by TD Elite to Tiancai Youdao and to secure performance of their obligations under the exclusive business cooperation agreement, the exclusive option agreement and the power of attorney in relation to TD Elite as summarized in paragraphs (p) and (s) above and paragraph (y) below, respectively. Please refer to the section headed “Contractual Arrangements — Share Pledge Agreements” of this Prospectus for details;
- (w) a share pledge agreement dated April 26, 2018 entered into between Liedao, the Relevant Liedao Shareholders and Tiancai Youdao, pursuant to which the Relevant Liedao Shareholders will pledge as first charge all of their respective equity interests in Liedao to Tiancai Youdao as collateral security for any or all of payments due by Liedao to Tiancai Youdao and to secure performance of their obligations under the exclusive business cooperation agreement, the exclusive option agreement and the power of attorney in relation to Liedao as summarized in paragraphs (q) and (t) above and paragraph (z) below, respectively. Please refer to the section headed “Contractual Arrangements — Share Pledge Agreements” of this Prospectus for details;
- (x) a power of attorney dated April 26, 2018 entered into between Wisest, the Relevant Wisest Shareholders and Tiancai Youdao, pursuant to which the Relevant Wisest Shareholders will appoint Tiancai Youdao or a director of its offshore holding company or its/his/her successor (including a liquidator replacing such director) as their exclusive agent and attorney to act on their behalf and to exercise all of their rights as registered shareholders of Wisest. Please refer to the section headed “Contractual Arrangements — Powers of Attorney” of this Prospectus for details;
- (y) a power of attorney dated April 26, 2018 entered into between TD Elite, the Relevant TD Elite Shareholders and Tiancai Youdao, pursuant to which the Relevant TD Elite Shareholders will

appoint Tiancai Youdao or a director of its offshore holding company or its/his/her successor (including a liquidator replacing such director) as their exclusive agent and attorney to act on their behalf and to exercise all of their rights as registered shareholders of TD Elite. Please refer to the section headed “Contractual Arrangements — Powers of Attorney” of this Prospectus for details;

- (z) a power of attorney dated April 26, 2018 entered into between Liedao, the Relevant Liedao Shareholders and Tiancai Youdao, pursuant to which the Relevant Liedao Shareholders will appoint Tiancai Youdao or a director of its offshore holding company or its/his/her successor (including a liquidator replacing such director) as their exclusive agent and attorney to act on their behalf and to exercise all of their rights as registered shareholders of Liedao. Please refer to the section headed “Contractual Arrangements — Powers of Attorney” of this Prospectus for details;
- (aa) an undertaking letter dated April 26, 2018 made to Tiancai Youdao by Liejin Asset Management, Liexin Enterprise Management, Kuailie Enterprise Management and Qilie Enterprise Management, pursuant to which Liejin Asset Management, Liexin Enterprise Management, Kuailie Enterprise Management and Qilie Enterprise Management irrevocably undertake that they will not enter into any pledge, disposal, creating any encumbrance or any other third party right in respect of their respective interests in Wisest which would jeopardize the priority of the pledges under the share pledge agreement in relation to Wisest as summarized in paragraph (u) above or affect the stable performance of the contractual arrangements in respect of Wisest as further described in the section headed “Contractual Arrangement”;
- (bb) an undertaking letter dated April 26, 2018 made to Tiancai Youdao by Liedao, Matrix HK, Giant Lilly and Tenzing HK, pursuant to which Liedao, Matrix HK, Giant Lilly and Tenzing HK irrevocably undertake that they will not enter into any pledge, disposal, creating any encumbrance or any other third party right in respect of their respective interests in TD Elite which would jeopardize the priority of the pledges under the share pledge agreement in relation to TD Elite as summarized in paragraph (v) above or affect the stable performance of the contractual arrangements in respect of TD Elite as further described in the section headed “Contractual Arrangement”; and
- (cc) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of our Group


(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our Group's business:


Trademark	Place of registration	Registered owner
万仕道	PRC	Wisest
乐班	PRC	Wisest
人才股	PRC	Wisest
同道	PRC	INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司)
同道人	PRC	INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司)
大猎论道	PRC	INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司)
微招	PRC	INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司)
微猎	PRC	INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司)
微聘	PRC	INS Network (Beijing) Information Technology Co., Ltd. (英仕互聯(北京)信息技術有限公司)
推友	PRC	Wisest
猎聘	PRC	Wisest
猎聘同道	PRC	Wisest
猎聘推推	PRC	Wisest
猎道	PRC	Liedao
神差	PRC	Wisest

Trademark	Place of registration	Registered owner
猎聘通	PRC	Wisest
猎聘	PRC	Wisest
猎财	PRC	Wisest
猎鑫	PRC	Wisest
职聊	PRC	Wisest
猎培	PRC	TD Elite

As of the Latest Practicable Date, our Group had made applications to register the following trademarks in the PRC which we consider to be material to our Group's business:

Trademark	Place of application	Applicant
猎财	PRC	Wisest
职聊	PRC	Wisest
	PRC	Wisest
校猎	PRC	Wisest
猎聘	PRC	Wisest
猎聘同道	PRC	Wisest
职伴	PRC	TD Elite
猎培	PRC	TD Elite
猎活	PRC	TD Elite

As at the Latest Practicable Date, our Group had made applications to register the following trademarks in Hong Kong which we consider to be material to our Group's business:

Trademark	Place of application	Applicant
	Hong Kong	TD Elite HK
(A) 猎聘 Liepin	Hong Kong	TD Elite HK
(B) 獵聘 Liepin		
(A) 职伴 Workbest	Hong Kong	TD Elite HK
(B) 職伴 Workbest		
(A) 乐班班 Lebanban	Hong Kong	TD Elite HK
(B) 樂班班 Lebanban		
同道 Tongdao	Hong Kong	TD Elite HK

(b) *Domain Names*

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be material to our Group's business:

Domain name	Registered owner	Expiry date
liepin.cn	TD Elite	August 12, 2020
liepin.com.....	Wisest	August 27, 2024
lieping.com.cn	Wisest	December 3, 2018
lieping.com	Wisest	July 13, 2018
lietou.com.....	TD Elite	June 12, 2021
lietou-edm.com	Wisest	April 11, 2019
lietou-notice.com	Wisest	April 7, 2019
lietou-static.com	Wisest	May 27, 2021
tongdao.cn	Wisest	July 12, 2021
tongdao.com.....	Wisest	December 7, 2021

Domain name	Registered owner	Expiry date
tongdaoren.com.cn	Wisest	May 27, 2020
wisest.com	Wisest	March 31, 2019

Save as disclosed above, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or individual property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the Global Offering*

Immediately following completion of the Global Offering (without taking into account the Shares to be allotted and issued upon the exercise of the options granted under the Pre-IPO Share Option Scheme), the interests and/or short positions (as applicable) of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required under Section 352 of the SFO to be entered in the register referred to in that section, or which will be required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) once the Shares are listed, will be as follows:

(i) *Interest in the Shares*

Name of Director	Nature of Interest	Number of Shares upon Listing	Approximate percentage of voting rights upon Listing
Mr. Dai ⁽¹⁾	Interest in a controlled corporation	290,608,889	58.64%
	Interest of a party to an agreement regarding interest in our Company		
Mr. Chen ⁽²⁾	Interest in a controlled corporation	13,598,226	2.74%
Mr. Shao Yibo ⁽³⁾	Founder of a discretionary trust	30,464,038	6.15%

Notes:

- (1) As of the Latest Practicable Date, May Flower directly held 101,524,692 Shares in our Company. As May Flower is wholly-owned by Mr. Dai, he is deemed to be interested in the total number of Shares held by May Flower.

As of the Latest Practicable Date, Sanqi Weilai directly held 32,764,955 Shares in our Company. As the general partner of Sanqi Weilai is Sanqi Weilai Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd. (三啟天才(天津)企業管理諮詢有限責任公司), which is in turn 99% held by Mr. Dai, he is deemed to be interested in the total number of Shares held by Sanqi Weilai.

As at the Latest Practicable Date, Matrix Partners directly held 99,804,139 Shares in our Company and Giant Lilly directly held 97,370,133 Shares in our Company. Pursuant to voting agreements entered into by each of Matrix Partners

and Giant Lilly with May Flower, May Flower as its attorney have the right to vote over Shares representing an aggregate of 20% of our total issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised), being the equivalent to 99,111,892 Shares in our Company. See the section headed “History, Reorganization and Corporate Structure” for details.

As at the Latest Practicable Date, Xiaoying directly held 13,598,226 Shares, Wisest Holding directly held 13,145,086 Shares and Tenzing directly held 30,464,038 Shares in our Company. Pursuant to the voting proxy agreements entered into between each of Xiaoying, Wisest Holdings, Tenzing with May Flower, May Flower and Mr. Dai as its attorney have the right to vote the total number of Shares respectively held by each of Xiaoying, Wisest Holdings and Tenzing. See the section headed “History, Reorganization and Corporate Structure” for details.

- (2) As of the Latest Practicable Date, Xiaoying directly held 13,598,226 Shares in our Company. As Xiaoying is wholly-owned by Mr. Chen, he is deemed to be interested in the total number of Shares held by Xiaoying.
- (3) The entire issued share capital of Tenzing is held by Tenzing Holdings LLC, which is in turn held in the entirety by Tenzing Trust. Tenzing Trust is a discretionary, irrevocable, non-grantor trust established by Mr. Shao Yibo, as settlor.

(ii) *Interests in associated corporations*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Number of securities held</u>	<u>Approximate percentage of shareholding</u>
Mr. Dai	Wisest	10,976,340 ⁽¹⁾	27.62%
	May Flower	1	100%
Mr. Chen	Wisest	947,460	2.38%
	Xiaoying Information Technology Co., Limited	1	100%

Note:

- (1) Mr. Dai directly owns 7,073,760 shares in Wisest. In addition, Tianjin Liejin Asset Management Partnership (Limited Partnership) (天津獵津資產管理合夥企業 (有限合夥)), Tianjin Liexin Enterprise Management Partnership (Limited Partnership) (天津獵鑫企業管理合夥企業 (有限合夥)), Tianjin Kuailie Enterprise Management Partnership (Limited Partnership) (天津快獵企業管理合夥企業 (有限合夥)) and Tianjin Qilie Enterprise Management Partnership (天津奇獵企業管理合夥企業 (有限合夥)) (collectively, the “**Holding Entities**”) own 3,902,580 shares in Wisest. Pursuant to a control agreement dated October 15, 2015 entered into between, among others, Mr. Dai and the general partner/limited partner of each of the Holding Entities, Mr. Dai was granted control of all managerial and executive functions of the Holding Entities. Therefore, Mr. Dai is deemed to be interested in the total number of shares held by the Holding Entities in Wisest.

(b) *Interests and short positions of the Substantial Shareholders in the Shares and underlying shares of our Company*

Save as disclosed in the section headed “**Substantial Shareholders**” in this Prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has any an interest or short position in the Shares and underlying Shares of our Company which, once the Shares are listed, would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company.

(c) *Interests of the substantial shareholder of any member of our Group (except other members of our Group)*

Save as set out above and in the table below, as of the Latest Practicable Date, our Directors are not aware of any persons (not being Directors or chief executive of our Company) who would, immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme) be directly or indirectly interested in 10% or more of the issued voting shares of the member of our Group (except other members of our Group).

Name	Name of associated corporation	Number of registered capital held	Approximate percentage of shareholding
Matrix Partners China I Hong Kong Limited.....	TD Elite	RMB2,625,600	21.88%
Giant Lilly Investment Ltd	TD Elite	RMB2,561,400	21.35%

2. **Particulars of Service Contracts**

(a) *Executive Directors*

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) *Non-executive Director and Independent Non-executive Directors*

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with our Company for a term of one year with effect from the Listing Date. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

(c) *Others*

- (i) Save as disclosed above, none of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (ii) During the year ended December 31, 2017, the aggregate of the remuneration and benefits in kind payable to the Directors was approximately RMB2.9 million. Details of the Directors' remuneration are also set out in note 9 of the Accountants' Report set out in Appendix I to this Prospectus. Save as disclosed in this Prospectus, no other emoluments have been paid or are payable in respect of the year ended December 31, 2017 by our Company to the Directors.
- (iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending December 31, 2018 is estimated to be approximately RMB5 million.

- (iv) None of the Directors or any past Directors of any members of our Group has been paid any sum of money for the three years ended December 31, 2017 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 31, 2017.
- (vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Fees or commissions received

Save as disclosed in this Prospectus, none of the Directors or any of the persons whose names are listed under the section headed “— E. Other Information — 10. Consent of Experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this Prospectus.

4. Miscellaneous

Save as disclosed in this Prospectus:

- (a) none of the Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed on the Stock Exchange;
- (b) none of our Directors nor any of the parties listed in the section headed “— E. Other Information — 10. Consent of Experts” below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this Prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors nor any of the parties listed in the section headed “— E. Other Information — 10. Consent of Experts” below is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) other than pursuant to the Underwriting Agreements, none of the parties listed in the section headed “— E. Other Information — 10. Consent of Experts” below:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

- (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group.
- (e) none of our Directors or their respective close associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our number of issued shares) has any interest in our five largest suppliers or our five large customers.

D. PRE-IPO SHARE OPTION SCHEME AND POST-IPO SHARE OPTION SCHEME

1. Pre-IPO Share Option Scheme

On December 1, 2010, the Former Holdco approved an employment-related share purchase or option plan (the “**Former Share Option Plan**”), pursuant to which the Former Holdco granted options to employees and directors of our Group. As a result of the Reorganization, the Pre-IPO Share Option Scheme was approved and adopted by our Board on March 30, 2018 to replace the Former Share Option Plan, and the options granted under the Former Share Option Plan were substituted by options under the Pre-IPO Share Option Scheme with effect from their original dates of grant.

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for Shares after the Listing.

(a) *Purpose*

The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group.

(b) *Who may join*

The Board may, at its discretion, invite any person belonging to any of the following classes of eligible participants, to take up options to subscribe for Shares:

- (i) any full-time executives, officers, managers or employees of our Group (including the Consolidated Affiliated Entities), or any entities designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the Board from time to time;
- (ii) any Directors, directors of members of our Group, or any entities designated by them;
- (iii) any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

(c) *Maximum number of Shares*

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 42,865,895 Shares (the “**Scheme Limit**”).

(d) *Performance Target*

The participant may be required to achieve any performance targets as our Board may then specify in the grant before any options granted under the Pre-IPO Share Option Scheme can be exercised.

(e) *Vesting Period*

Subject to other conditions of the Pre-IPO Share Option Scheme being satisfied, the options which have been granted shall be vested in accordance with the period as may be determined by our Board and set out in the notice of offer.

(f) *Exercise price*

The Exercise Price in respect of any option shall, subject to any adjustments to our capital structure made under (p) — Reorganization of capital structure, be such amount as may be determined by the Board from time to time and set out in the notice of offer.

(g) *Conditions of exercise*

The grantee must not have committed any breach of this Pre-IPO Share Option Scheme and any ancillary documents that he has entered into with our Company in respect of the options.

The grantee must not have violated any provision of the Articles or constitutional documents of the relevant member of our Group, or otherwise impaired the interests of our Group.

The Board may, at its absolute discretion, fix any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised.

If the conditions set out above in this clause are not satisfied, the options shall automatically lapse on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

(h) *Exercise Schedule*

Provided that the conditions set forth in clause (g) — Conditions of exercise are satisfied, after the date that is six months after the Listing Date, subject to clause (j) — Rights on death, retirement, injury or disability below, the options shall be vested and exercisable by the grantee as set out in the notice of offer.

If there has been a change of control of our Company pursuant to any merger, consolidation or other, such grantee's options shall be immediately vested and exercisable.

(i) *Exercise of option*

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined by delivering to our Company an executed stock option exercise notice in such form as may be approved by the Board (the “**Exercise Notice**”), setting out, among others, the number of Shares being purchased and the selling price of the Shares (the “**Selling Price**”).

Before the options may be exercised, our Company shall have a right of first refusal to buyback the options by giving written notice to the grantee to buyback the options at a price to be determined by our Board with reference to the market value of the Shares at the time when such options are exercised. Our Company may exercise the right of first refusal at any time within two business days after the receipt of the Exercise Notice. If our Company does not exercise the right of first refusal, then our Company shall allot and issue the shares to be held by in trust and to be sold in the open market as soon as practicable at the Selling Price in the Exercise Notice and distribute the proceeds of sale to the grantee in cash less (i) the exercise price; and (ii) any tax, fees, levies, stamp duty and other charges applicable to the sale of the options.

If (i) the grantee elects to have the Options Holdco of the trust to hold the options in the Exercise Notice or (ii) the option Shares cannot be sold in open market at the Selling Price, the grantee may reset the Selling Price by giving notice to the trustee no later than 20 business days after the date of the Exercise Notice. If the option Shares cannot be sold in the open market after the adjustment being made to the Selling Price, then the option Shares shall be kept in trust for the grantee for a period of not more than 36 months or such longer period as may be agreed between the grantee, our Company and the Options Holdco. The grantee may at any time reset the Selling Price by giving notice to the trustee, to which the option Shares would be sold as soon as practicable. If no such notice has been received by the trustee after the 36 months or such longer period as may be agreed between the grantee, our Company and the Options Holdco, the option Shares would be sold in the open market at such price to be determined by the Board with the proceeds of sale distributed to the grantee in cash less (i) the exercise price; and (ii) any tax, fees, levies, stamp duty and other charges applicable to the sale of the options.

(j) *Non-transferability of the options*

Unless otherwise provided by the Pre-IPO Share Option Scheme or other applicable laws, the options shall be personal to the grantee and the grantee shall not sell, transfer, pledge or assign the options or any interest or benefits therein.

The grantee may be permitted to transfer the options to his wholly owned entity or any trust arrangement whereby the optionee is the sole beneficiary. The terms of this Pre-IPO Share Option Scheme shall be binding upon any personal representatives, executors, administrators, heirs, successors and assignees of the optionee. Unless transferred pursuant to the foregoing, the options shall be exercisable, during the grantee's lifetime, only by the grantee.

Unless otherwise provided by the Pre-IPO Share Option Scheme, the options may not be assigned, transferred, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the options contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Options shall be null and void and without effect and such breach by an optionee shall entitle our Company to cancel any outstanding options granted to such grantee.

(k) *Lapse of an option*

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which such option was granted) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;

- (ii) the date of expiry of any of the periods referred to in sub-clauses (j) — Rights on death, retirement, injury or disability, (n) — Rights on winding-up, and (l) — Rights on a compromise or arrangement;
- (iii) the date on which the scheme of arrangement of our Company referred to in sub-clause (l) — Rights on a compromise or arrangement becomes effective;
- (iv) subject to sub-clause (n) — Rights on winding-up, the date of commencement of the winding-up of our Company;
- (v) the date on which the optionee expressly waives his options by submitting a written declaration to the trustee;
- (vi) the date on which the optionee ceases to be an eligible participant by reason of such optionee's resignation from the employment of our Company or any members of our Group or the termination of his employment or contract on the grounds that he has been guilty of serious misconduct (as defined in sub-clause (o) — Termination), or has committed any act of bankruptcy or is unable to pay his debts or has become insolvent or has made any arrangement or has compromised with his creditors generally, or has been convicted of any criminal offense involving his integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of an optionee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vii) the date on which the Board shall exercise the Company's right to cancel the option at any time after the optionee commits a breach of assigning, transferring pledging or hypothecating the options unless otherwise provided for under the Pre-IPO Share Option Scheme.

(l) *Rights on death, retirement, injury or disability*

If the grantee of an option ceases to be a participant by reason of his death, retirement, ill-health, injury, or disability, before exercising the option in full, the options shall remain exercisable for a period of six months by the grantee's personal representative.

(m) *Rights on dismissal or ceasing employment*

If the grantee's employment with our Company or any member of our Group is terminated by reason of his resignation or due to his serious misconduct, any outstanding options (including any vested options) held by the grantee shall immediately terminate in its entirety and upon the termination, the Shares covered by the options shall revert to the Pre-IPO Share Option Scheme.

(n) *Rights on a compromise or arrangement*

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any grantee may by an Exercise Notice to our Company (such notice to be received by our Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the

proposed meeting, approve the allotment and issue of such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine.

If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(o) *Rights on general offer*

In the event of a general offer by way of voluntary offer, takeover or otherwise is made to all the Shareholders and such offer becomes or is declared unconditional prior to the exercise date of any option, the Board shall, prior to the offer becoming or being declared unconditional, determine at its absolute discretion whether such options shall vest and the period within which such options shall vest. If the Board determines that such options shall vest, it shall notify the grantee that the options shall vest and the period within which such options shall vest.

(p) *Rights on winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up our Company, our Company shall give notice to all grantees and each grantee (or his or her personal representative(s)) shall be entitled to exercise all or any of his or her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving an Exercise Notice to our Company, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, approve the allotment of the relevant Shares to the grantee credited as fully paid.

(q) *Termination*

Termination of an grantee's employment or contract on the grounds of serious misconduct shall mean either one of the following:-

- (i) the grantee has committed fraudulence or deceit in the satisfaction of performance targets or other conditions of exercise of the options;
- (ii) the grantee has committed a material breach of any agreement with the relevant member of our Group with respect to any transfer of intellectual property rights or inventions, the employment relationship, any non-competition or confidentiality clause or any other clause of a similar nature;
- (iii) the grantee has made any misstatement or misrepresentation in respect of his employment or service with the relevant member of our Group or has made any omission of material facts related to himself;
- (iv) the grantee has failed to perform any major customary duties or responsibilities of an employee, or has committed a material violation of any reasonable directions or instructions of

the managerial department or personnel of the relevant member of our Group, or has committed a material breach of any applicable internal rules, regulations and code of conduct of the relevant member of our Group;

- (v) the grantee has committed any other act that will impair or cause material adverse effect on the reputation or interests of the relevant member of our Group; and
- (vi) the grantee has been terminated for cause at common law or pursuant to any applicable laws as provided in the grantee's employment or service contract. The Board shall have the right to determine what constitutes cause, whether the grantee's employment has been terminated for cause and the effect date of such termination, and such determination by the Board shall be final and conclusive.

(r) *Reorganization of Capital Structure*

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or similar change affecting the Shares including any alteration in the capital structure of our Company, such as capitalization issue, rights issue, consolidation, sub-division and reduction of the share capital of our Company, the Board may make equitable adjustments that it considers appropriate, at its sole discretion, including:

- (i) make arrangements for the grant of substitute options of equivalent fair value to an option in the purchasing or surviving company;
- (ii) reach such agreement or compromise with the grantee as it considers appropriate, including the payment of cash compensation to the grantee for the equivalent fair value of the options to the extent not vested;
- (iii) waive any conditions to the vesting of any option to the extent not already vested; or
- (iv) permit the continuation of an option in accordance with its original terms.

(s) *Outstanding options granted under the Pre-IPO Share Option Scheme*

As at the Latest Practicable Date, options to subscribe for an aggregate of 37,715,511 Shares, representing approximately 7.61% of the enlarged issued shares of our Company immediately following the completion of the Global Offering (assuming that the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised), are outstanding.

As at the Latest Practicable Date, none of the options granted under the Pre-IPO Share Option Scheme has been exercised. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

We have applied for, and have been granted an exemption from the SFC from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up And Miscellaneous Provisions) Ordinance, and a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to the Listing Rules in connection with the information of the options granted under the Pre-IPO Share Option Scheme. For further details, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in relation to the Pre-IPO Share Option Scheme" in this Prospectus.

The options have been granted based on the performance of the option holders who have made important contributions to and are important to the long term growth and profitability of our Group. As at the Latest Practicable Date, there were altogether 138 option holders including three executive Directors of our Company, two members of our senior management (other than Directors), two connected persons and 131 other employees of our Group. Details of the options granted under the Pre-IPO Share Option Scheme as at the Latest Practicable Date are set out below:

Name of grantee	Position held with our Group	Address	Exercise Price	Number of Shares under the Pre-IPO Share Option Scheme outstanding	Date of Grant ⁽¹⁾	Vesting period	Approximate percentage of shareholding immediately following the completion of the Global Offering ⁽²⁾
Directors of our Company							
Mr. Dai	Chairman Executive Director Chief Executive Officer	Room 2302, Unit C, Building No.1, Park 1872 International Apartment Balizhuang Beili, Chaoyang District Beijing PRC	US\$0.0268	9,008,507	July 1, 2014	date of grant	1.82%
Mr. Chen	Executive Director Chief Technology Officer	Unit 1103, Building No.5 Taiyanggong Middle Road Xinji Homeland Beijing PRC	US\$0.0268	500,000	July 1, 2014	date of grant	0.10%
Ms. Xu Lili	Executive Director Chief Financial Officer	Unit 408, Building No.15 Taicheng Garden Building Xuanwu District Nanjing PRC	US\$0.0268	3,339,184	February 1, 2014	4 years from the date of grant/date of grant	0.67%
			US\$2.50	1,000,000	June 10, 2018	4 years from the date of grant	0.20%
Subtotal:				13,847,691			2.79%

Name of grantee	Position held with our Group	Address	Exercise Price	Number of Shares under the Pre-IPO Share Option Scheme outstanding	Date of Grant ⁽¹⁾	Vesting period	Approximate percentage of shareholding immediately following the completion of the Global Offering ⁽²⁾
Senior Management, connected persons and grantee with options representing the right to subscribe for more than 500,000 Shares							
Mr. Zhao Kang	Senior Vice President	Room 2502, Unit 3, Building No. 14, West Block, Wangjin Donghuwan, Chaoyang District Beijing PRC	US\$0.0268	1,000,000	January 1, 2018	4 years from the date of joining our Group	0.20%
			US\$1.00	400,000	April 1, 2018	4 years from the date of grant	0.08%
Mr. Shan Yi	Chief Data Officer	Room 1202, Unit 1, Building No. 4, Huafugou, Chaoyang District Beijing PRC	US\$0.0268	1,356,727	October 1, 2014	4 years from the date of grant	0.27%
Mr. Hu Haifeng	Vice President	Room 1012, Building No. 3, No. 16A, Baiziwan, Chaoyang District Beijing PRC	US\$0.0268	743,611	January 1, 2012	4 years from the date of grant	0.15%
Ms. Xing Zipei	Vice President	No. 302, Door 5, Building No. 8, Jinguan lane, Fukang Road, Nanhai District Tianjin PRC	US\$0.0268	433,918	May 16, 2014	4 years from the date of grant	0.09%
				233,918	July 1, 2015	4 years from the date of grant	0.05%
Mr. Li Xiaofeng	Vice President	Room 802, 8/F, No. 868, Huamu Road, Shanghai PRC	US\$0.0268	550,878	August 31, 2013	4 years from the date of grant	0.11%
				175,439	July 1, 2015	4 years from the date of grant	0.04%

Name of grantee	Position held with our Group	Address	Exercise Price	Number of Shares under the Pre-IPO Share Option Scheme outstanding	Date of Grant ⁽¹⁾	Vesting period	Approximate percentage of shareholding immediately following the completion of the Global Offering ⁽²⁾
Ms. Ba Ran	Marketing General Manager	No. 601, Unit 3, 6 to 7/F, Building No. 1, Zone 1, Longboyuan, Huilongguan Village, Changping District, Beijing PRC	US\$0.0268	433,918	June 27, 2014	4 years from the date of grant	0.09%
				233,918	July 1, 2015	4 years from the date of grant	0.05%
Ms. Jiang Li	District General Manager	Room C2A-203, Fuli Yuanshiting, Dongguan Zhuang Road, Tianhe District, Guangzhou, Guangdong PRC	US\$0.0268	450,878	January 1, 2013	4 years from the date of grant	0.09%
				US\$2.50	100,000	June 10, 2018	4 years from the date of grant
Mr. Lu Jun	District General Manager	Room 4104, Building No. 3, No. 49, Hongji New Road, Jinjiang District, Chengdu, PRC	US\$0.0268	417,445	January 1, 2012	4 years from the date of grant	0.08%
				100,000	January 1, 2013	4 years from the date of grant	
Ms. Song Yueting ⁽³⁾	—	Room 2302, Unit C, Building No.1, Park 1872 International Apartment Balizhuang Beili, Chaoyang District Beijing PRC	US\$0.0268	2,112,145	September 1, 2013	4 years from the date of grant	0.43%

Name of grantee	Position held with our Group	Address	Exercise Price	Number of Shares under the Pre-IPO Share Option Scheme outstanding	Date of Grant ⁽¹⁾	Vesting period	Approximate percentage of shareholding immediately following the completion of the Global Offering ⁽²⁾
Mr. Zhuang Hua	Director of CGL Consulting Co., Ltd, a subsidiary of our Company	Room 1903, Building No. 6, Lane 555, Gubei Road, Changning District, Shanghai, PRC	US\$0.0268	1,259,445	June 10, 2018	4 years from the date of grant	0.25%
Subtotal:				10,002,240			2.02%
Other employees							
125 other employees of our Group each of which held options representing the right to subscribe for less than 500,000 Shares	—	—	US\$0.0268 – US\$2.50	13,865,580	January 2012 – June 2018	4 years from the date of grant	2.80%
Total				37,715,511			7.61%

Notes:

- (1) This represents the date when the options under the Former Share Option Plan were granted, which also apply to the options granted under the Pre-IPO Share Option Scheme.
- (2) Assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised.
- (3) Ms. Song Yueting is an employee of our Group and the spouse of Mr. Dai.

The options granted under the Pre-IPO Share Option Scheme represent approximately 7.61% of the enlarged issued shares of our Company immediately after completion of the Global Offering (assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised). If all the options granted under the Pre-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of our Shareholders of approximately 7.61%. However, as the options are subject to the applicable vesting period, any such dilutive effect on earnings per Share will be staggered over several years.

An application has been made to the Listing Committee for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of the options which were granted pursuant to the Pre-IPO Share Option Scheme.

2. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the “**Post-IPO Share Option Scheme**”) conditionally adopted by the resolutions of our Shareholders passed at an extraordinary general meeting held on June 9, 2018.

(a) *Purpose of the Post-IPO Share Option Scheme*

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in our Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) *Selected participants to the Post-IPO Share Option Scheme*

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) *Maximum number of Shares*

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 49,555,946, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the “**Option Scheme Mandate Limit**”) (excluding any Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the “**Option Scheme Limit**”). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

(d) *Maximum entitlement of a grantee*

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the “**Individual Limit**”). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

(e) *Performance target*

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) *Subscription price*

The amount payable for each Share to be subscribed for under an option (“**Subscription Price**”) in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant.

(g) *Rights are personal to grantee*

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or *create* any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

(h) *Options granted to directors or substantial shareholders of our Company*

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options).

Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of Shares issued and

to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(i) *Grant offer letter and notification of grant of options*

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, which must be received by our Company within 20 business days from the date on which the offer letter is delivered to the grantee.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) *Restriction of grant of options*

No offer shall be made and no option shall be granted to any selected participant in circumstances prohibited by the Listing Rules or at a time when the selected participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no option shall be granted to any selected participant where such person is in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Such period will also cover any period of delay in the publication of any results announcement.

(k) *Time of exercise of an option*

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) *Cancellation of options*

Any breaches of the rules of the Post-IPO Share Option Scheme by a grantee may result in the options granted to such grantee being canceled by our Company. Any options granted but not exercised may be canceled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the canceled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

(m) *Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant (the “Option Period”);
- (ii) the expiry of any of the periods for exercising the option as referred to in paragraphs (p), (q) and (r) below; and
- (iii) the date on which the grantee commits a breach of the rules of the Post-IPO Share Option Scheme.

(n) *Voting and dividend rights*

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(o) *Effects of alterations in the capital structure of the company*

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each option so far as unexercised; and/or

- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial adviser (as the case may be) shall be borne by our Company.

(p) *Retirement, death or permanent physical or mental disability of an selected participant*

If a grantee ceases to be selected participant by reason of (i) death of the grantee, (ii) termination of the grantee's employment or contractual engagement with our Group or its affiliate by reason of his/her permanent physical or mental disablement, (iii) retirement of the grantee, the option may be exercised within the Option Period, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong. If the option is not exercised within the time mentioned above, the option shall lapse.

If a grantee, being an employee whose employment is terminated by our Group or its affiliate (as applicable) by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the grantee having been convicted of any criminal offense involving his integrity or honesty, the option shall immediately lapse.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be selected participant due to termination of his or her employment or contractual engagement with our Group by reason of redundancy, the option may be exercised within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

If a grantee ceases to be selected participant other than in any of the circumstances described above, unless otherwise provided in the option agreement, a grantee may exercise his or her option within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

(q) *Rights on takeover and schemes of compromise or arrangement*

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or

concert with the offeror), and the offer becomes or is declared unconditional in all respects, the grantee shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or such other period as the Board or its delegate(s) may decide in their sole discretion) after the date on which the offer becomes or is declared unconditional. If the option is not exercised within the time specified, the option shall lapse.

If a compromise or arrangement between our Company and its members or creditors is proposed, our Company shall give notice to the grantee on the same date as it dispatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-IPO Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

(r) *Rights on a voluntary winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(s) *Ranking of shares*

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the memorandum and articles of association of our Company for the time being in force and will rank *pari passu* with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(t) *Duration*

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the

Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

(u) *Alteration of the Post-IPO Share Option Scheme*

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Law or the Takeovers Code.

(v) *Termination*

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-IPO Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Post-IPO Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Post-IPO Share Option Scheme.

E. OTHER INFORMATION**1. Litigation**

As of the Latest Practicable Date, we are not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

2. Application for Listing

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued or sold as mentioned in this Prospectus. All necessary arrangements have been made to enable such Shares into CCASS.

3. No Material Adverse Change

The Directors confirm that there has been no material change in the financial or trading position or prospects of our Group since December 31, 2017 (being the date to which the latest audited combined financial statements of our Group were prepared).

4. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed “Underwriting — Commission and Expenses and Joint Sponsors’ Fee”.

5. The Joint Sponsors and Joint Sponsors’ fees

The Joint Sponsors are independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The fees payable by our Company to each of the Joint Sponsors to act as sponsor to our Company in connection with the Global Offering are US\$500,000 (HK\$3,923,000) or in aggregate US\$1,000,000 (HK\$7,846,000).

6. Preliminary expenses

The preliminary expenses incurred by our Company in relation to our incorporation were approximately HK\$26,000 and were paid by us.

7. Promoter

The Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

8. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of shares registered with our Hong Kong register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is

0.1% of the consideration or, if higher, of the value of the shares being sold or transferred. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of shares in the Company.

(c) *People's Republic of China*

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. See “Risk Factors — Risks Relating To Doing Business In China — We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment” of this prospectus.

(d) *Consultation with professional advisors*

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of our Company, our Directors or the other parties involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

9. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Prospectus:

Name	Qualification
Morgan Stanley Asia Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on future contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
J.P. Morgan Securities (Far East) Limited	Licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified public accountants
Shihui Partners	Company's PRC legal advisers
JunHe LLP	the Joint Sponsors' PRC legal advisers
Maples and Calder (Hong Kong) LLP	Company's Cayman Islands legal advisers
China Insights Consultancy Limited	Independent industry consultants

10. Consent of Experts

Each of Morgan Stanley Asia Limited, J.P. Morgan Securities (Far East) Limited, KPMG, Shihui Partners, JunHe LLP, Maples and Calder (Hong Kong) LLP and China Insights Consultancy Limited has given and has not withdrawn its respective written consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this Prospectus in the form and context in which it is respectively included.

11. Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance of this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

12. Bilingual prospectus

The English and Chinese language versions of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Particulars of the Over-allotment Option Grantors

Pursuant to the International Underwriting Agreement, if the Stabilization Manager (on behalf of the International Underwriters and in consultation with the Joint Global Coordinators) elects to fully exercise the Over-allotment Option to purchase 13,200,000 Shares, the Over-allotment Option Grantors will sell and transfer 13,200,000 Shares, representing 15% of our Shares initially being offered under the Global Offering at the Offer Price to cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering”.

The number of Shares held by the Over-allotment Option Grantors assuming the Over-allotment Option is fully exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised are set out in the following table:

Name of the Over-allotment Option Grantor	Number of Shares held by the Over-allotment Option Grantor	Number of Shares that may be sold pursuant to full exercise of the Over-allotment Option	Approximate percentage of shareholding and number of Shares held after the Over-allotment Option is fully exercised	
			(Shares)	(%)
Giant Lilly Investment Ltd	97,370,133	6,600,000	90,770,133	18.32
Matrix Partners China I, L.P.	90,622,158	6,600,000	84,022,158	16.96

The particulars of the Over-allotment Option Grantors as of the Latest Practicable Date are set out as follow:

Name	:	Giant Lilly Investment Ltd
Place of incorporation	:	Republic of Mauritius
Registered office	:	c/o CIM Corporate Services Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
Nature of business	:	Investment holding
Number of Shares that may be sold upon the full exercise of the Over-allotment Option	:	6,600,000

Name	:	Matrix Partners China I, L.P.
Place of establishment	:	Cayman Islands
Registered office	:	P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman
Nature of business	:	Venture capital fund
Number of Shares that may be sold upon the full exercise of the Over-allotment Option	:	6,600,000

F. MISCELLANEOUS

- (a) Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in this Prospectus, our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2017 (being the date to which the latest audited combined financial statements of our Group were prepared);

- (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by our Principal Share Registrar. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of WHITE, YELLOW, and GREEN Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 10. Consent of Experts” in Appendix IV to this Prospectus;
- (c) copies of the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about our Business — 1. Summary of material contracts” in Appendix IV to this Prospectus; and
- (d) the statement of particulars of the Over-allotment Option Grantors.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Davis Polk & Wardwell at 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this Prospectus:

- (a) the Memorandum and the Articles of Association;
- (b) the Accountants’ Report of our Group prepared by KPMG, the texts of which are set out in Appendix I to this Prospectus;
- (c) the report issued by KPMG in relation to the unaudited *pro forma* financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;
- (d) the audited combined financial statements of our Company for the three financial years ended December 31, 2015, 2016 and 2017;
- (e) the PRC legal opinions issued by our PRC Legal Adviser on PRC law, in respect of certain general corporate matters of our Group and the property interests of the Group and in respect of certain aspects of PRC law referred to in the section headed “Contractual Arrangements”;
- (f) the PRC legal opinion issued by JunHe LLP, the Joint Sponsor’s legal advisor on PRC law, in respect of certain aspects of PRC law referred to in the section headed “Contractual Arrangements”;
- (g) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarizing certain aspects of the Cayman Companies Law referred to in Appendix III to this Prospectus;
- (h) the report issued by China Insights Consultancy Limited, from which information in the section headed “Industry Overview” of the Prospectus is extracted;
- (i) the Cayman Companies Law;

- (j) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 10. Consent of Experts” in Appendix IV to this Prospectus;
- (k) the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix IV to this Prospectus;
- (l) the statement of particulars of the Over-allotment Option Grantors;
- (m) the service contracts and the letters of appointment with our Directors referred to in the section headed “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Service Contracts” in Appendix IV to this Prospectus; and
- (n) the terms of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme and a list of grantees under the Pre-IPO Share Option Scheme.



猎聘 Liepin