
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ to _____

Commission file number: 001-39117

36Kr Holdings Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

5-6/F, Tower A1, Junhao Central Park Plaza

No. 10 South Chaoyang Park Avenue

Chaoyang District, Beijing, People's Republic of China, 100026

(Address of principal executive offices)

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No. 10 South Chaoyang Park Avenue

Chaoyang District, Beijing, People's Republic of China, 100026

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
American depository shares, each ADS represents 25 Class A ordinary shares, par value US\$0.0001 per share	<u>KRKR</u>	The Nasdaq Stock Market LLC (The Nasdaq Global Market)
Class A ordinary shares, par value US\$0.0001 per share*	<u>N/A</u>	The Nasdaq Stock Market LLC (The Nasdaq Global Market)

* Not for trading, but only in connection with the listing of the American depository shares on the Nasdaq Global Market.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

989,789,295 ordinary shares, comprised of 893,706,595 Class A ordinary shares, par value US\$0.0001 per share, and 96,082,700 Class B ordinary shares, par value US\$0.0001 per share, as of December 31, 2021.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report or attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the
International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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INTRODUCTION

Except where the context otherwise indicates and for the purpose of this annual report only:

- “ADRs” refers to the American depositary receipts that evidence our ADSs;
- “ADSs” refers to the American depositary shares, each representing 25 of our Class A ordinary shares;
- “average monthly PV” during a period is calculated as the total PV during that period across our self-operated platforms and our accounts on major third-party platforms, including Weibo, Weixin/WeChat, Toutiao, Zhihu, Baidu and Xinhuanet, divided by the number of months in that period;
- “Beijing Duoke”, “variable interest entity” or “VIE” refers to Beijing Duoke Information Technology Co. Ltd., a company incorporated in the PRC in December 2016;
- “CAGR” refers to compound annual growth rate;
- “China” or “PRC” refer to the People’s Republic of China, excluding, for the purpose of this annual report only, Taiwan, Hong Kong and Macau;
- “Class A ordinary shares” refers to our Class A ordinary shares of par value US\$0.0001 per share;
- “Class B ordinary shares” refers to our Class B ordinary shares of par value US\$0.0001 per share;
- “JingData” refers to Jiangsu JingZhun Digital Information Industry Development Co. Ltd; that used to named Beijing Venture Glory Information Technology Co., Ltd;
- “KOL” refers to key opinion leader;
- “New Economy” refers to businesses that realize rapid growth primarily through cutting-edge technology and innovative business models;
- “New Economy companies” refers to companies driven by cutting-edge technology and innovative business models;
- “New Economy participants” refers to New Economy companies, traditional companies being transformed by cutting-edge technology and innovative business models, institutional investors and individuals involved in New Economy;
- “ordinary shares” as of the date hereof refers to our Class A ordinary shares of par value US\$0.0001 per share and Class B ordinary shares of par value US\$0.0001 per share;
- “PV” refers to page view;
- “RMB” or “Renminbi” refers to the legal currency of the People’s Republic of China;
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States; and
- “36Kr”, “we,” “us,” “our company,” and “our,” refer, to 36Kr Holdings Inc., a Cayman Islands company, its subsidiaries and, in the context of describing our consolidated financial statements, business operations and operating data, its VIE (or, where the context requires, its predecessors).

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Our reporting currency is Renminbi because substantially all of our operations are conducted in China and substantially all of our revenues are denominated in Renminbi. This annual report contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.3726 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 30, 2021. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On April 15, 2022, the noon buying rate for Renminbi was RMB 6.3705 to US\$1.00.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our goals and growth strategies;
- our future business development, results of operations and financial condition;
- relevant government policies and regulations relating to our business and industry;
- status of COVID-19 pandemic;
- general economic and business condition in China; and
- assumptions underlying or related to any of the foregoing.

You should read these statements in conjunction with the risk factors disclosed in “Item 3. Key Information—3.D. Risk Factors.”, and read thoroughly this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A.[Reserved]

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reason for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

36Kr Holdings Inc. is a Cayman Islands holding company. It conducts its operations in China through its PRC subsidiaries and the consolidated variable interest entity, or the VIE. However, we and our direct and indirect subsidiaries do not have and it is virtually impossible for them to have, any equity interests in the VIE in practice as current PRC laws and regulations restrict foreign investment in companies that engage in value-added telecommunication services. As a result, we depend on certain contractual arrangements with the VIE to operate a significant portion of our business. This structure allows us to exercise effective control over the VIE and be considered the primary beneficiary of the VIE, which serves the purpose of consolidating the VIE's operating results in our financial statements under the U.S. GAAP. This structure also provides contractual exposure to foreign investment in such companies. The VIE is owned by certain nominee shareholders, not by us. All of these nominee shareholders are also affiliated with our Company or affiliated with certain shareholders of the Company. Investors in our ADSs are purchasing equity securities of a Cayman Islands holding company rather than equity securities issued by our subsidiaries and the VIE. Investors who are non-PRC residents may not directly hold equity interests in the VIE under current PRC laws and regulations. As used in this annual report, "we," "us," "our company," "our," or "36Kr" refers to 36Kr Holdings Inc. and its subsidiaries, and, in the context of describing our consolidated financial information, business operations and operating data, our consolidated VIE, "Tianjin Duoke" refers to Tianjin Duoke Investment Co., Ltd., "Beijing Dake" refers to Beijing Dake Information Technology Co., Ltd., and "Beijing Duoke" refers to Beijing Duoke Information Technology Co. Ltd. We refer to Tianjin Duoke and Beijing Dake as the PRC subsidiaries in the context of describing of their activities. We refer to Beijing Duoke as the VIE in the context of describing its activities and contractual arrangements with us.

Our corporate structure involves unique risks to investors in the ADSs. In 2019, 2020 and 2021, the amount of revenues generated by the VIE accounted for 100%, 100% and 100%, respectively, of our total net revenues. As of December 31, 2019, 2020 and 2021, total assets of the VIE, excluding amounts due from other companies in the Group, equaled to 69%, 84% and 83% of our consolidated total assets as of the same dates, respectively. As of the date of this annual report, to the best knowledge of our Company, our directors and management, our VIE agreements have not been tested in a court of law in the PRC. If the PRC government deems that our contractual arrangements with the VIE do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to material penalties or be forced to relinquish our interests in those operations or otherwise significantly change our corporate structure. We and our investors face significant uncertainty about potential future actions by the PRC government that could affect the legality and enforceability of the contractual arrangements with the VIE and, consequently, significantly affect our ability to consolidate the financial results of the VIE and the financial performance of our company as a whole. Our ADSs may decline in value or become worthless if we are unable to effectively enforce our contractual control rights over the assets and operations of the VIE that conducts a significant portion of our business in China. See "Item 3. Key Information—3.D. Risk Factor—Risks Related to Our Corporate Structure" for detailed discussion.

We face various legal and operational risks and uncertainties as a company based in and primarily operating in China. The PRC government has significant authority to exert influence on the ability of a China-based company, like us, to conduct its business, accept foreign investments or be listed on a U.S. stock exchange. For example, we face risks associated with regulatory approvals of offshore offerings, anti-monopoly regulatory actions, cybersecurity and data privacy, as well as the lack of inspection from the U.S. Public Company Accounting Oversight Board, or PCAOB, on our auditors. The PRC government may also intervene with or influence our operations at any time by adopting new laws and regulations as the government deems appropriate to further regulatory, political and societal goals. The PRC government has recently published new policies that significantly affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding our industry that could adversely affect our business, financial condition and results of operations. Any such action, once taken by the PRC government, could cause the value of such securities to significantly decline or in extreme cases, become worthless.

You should carefully consider all of the information in this annual report before making an investment in the ADSs. Below please find a summary of the principal risks and uncertainties we face, organized under relevant headings. In particular, as we are a China-based company incorporated in the Cayman Islands, you should pay special attention to subsections headed “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China” and “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure.”

Below please find a summary of the principal risks we face, organized under relevant headings.

Risks Related to Our Business and Industry

- *We have a limited operating history as a stand-alone company, which makes it difficult to evaluate our business. We cannot guarantee that we will be able to maintain the growth rate that we have experienced to date.*
- *We are subject to risks associated with operating in the rapidly evolving New Economy sectors.*
- *The success of our business depends on our ability to maintain and enhance our brand. Negative publicity about us, our services, operations and management, or our affiliates may adversely affect our reputation and business.*
- *If we fail to provide high-quality content in a timely manner, we may not be able to attract or retain users. If our efforts to attract or retain users are not successful, our business and results of operations will be materially and adversely affected.*
- *We cannot guarantee our monetization strategies will be successfully implemented or generate sustainable revenues or profit.*
- *Our business could suffer if we are unable to retain or hire quality in-house writers and editors.*
- *Deterioration or termination of cooperation with third-party professional content providers may have a material adverse impact on our business and results of operations.*
- *Our business, prospects and financial results may be affected by our relationship with third-party platforms.*
- *If the content provided on our platform is deemed to violate any PRC laws or regulations, our business, financial condition and results of operations may be materially and adversely affected.*
- *If we fail to develop effective online advertising services, retain or acquire new online advertising services customers, or manage the credit risk of our customers, our financial condition, results of operations and prospects may be materially and adversely affected.*

Risks Related to Our Corporate Structure

- *There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with the VIE and, consequently, significantly affect the financial condition and results of operations performance of 36Kr. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIE.*
- *Any failure by the VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.*
- *The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required under PRC law in connection with our issuance of securities overseas, or maintenance of the listing status of our ADSs, and the PRC government's oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our ADSs.*
- *Substantial uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law of the PRC and how it may impact the viability of our current corporate structure, corporate governance and business operations.*
- *We rely on contractual arrangements with our VIE and its shareholders to operate our business, which may not be as effective as direct ownership in providing operational control and otherwise materially and adversely affect our business.*

Risks Related to Doing Business in China

- *Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in policies, laws and regulations in China, could adversely affect us.*
- *Changes in China's economic, political and social conditions as well as government policies could have a material adverse effect on our business and prospect.*
- *Certain judgments obtained against us by our shareholders may not be enforceable in China.*
- *The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements. The inability of the PCAOB to conduct inspections over our auditor deprives our investors with the benefits of such inspections.*
- *Our ADSs may be delisted and our ADSs and shares prohibited from trading in the over-the-counter market under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or fully investigate auditors located in China. On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our auditor is subject to the determinations that the PCAOB is unable to inspect or investigate completely. Under the current law, delisting and prohibition from over-the-counter trading in the U.S. could take place in 2024. If this happens there is no certainty that we will be able to list our ADS or shares on a non-U.S. exchange or that a market for our shares will develop outside of the U.S. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.*
- *The potential enactment of the Accelerating Holding Foreign Companies Accountable Act would decrease the number of non-inspection years from three years to two, thus reducing the time period before our ADSs may be prohibited from over-the-counter trading or delisted. If this bill were enacted, our ADS could be delisted from the exchange and prohibited from over-the-counter trading in the U.S. in 2023.*

Risks Related to the ADSs

- *The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.*
- *If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.*
- *The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.*
- *Techniques employed by short sellers may drive down the market price of the ADSs.*

Risks Related to Our Business and Industry

We have a limited operating history as a stand-alone company, which makes it difficult to evaluate our business. We cannot guarantee that we will be able to maintain the growth rate that we have experienced to date.

We commenced our operations as a stand-alone company when we were incorporated by Beijing Xieli Zhucheng Finance Information Service Co., Ltd., or Xieli Zhucheng, in December 2016. Since then we have achieved rapid growth in terms of user traffic, customer base and revenues. However, our limited operating history as a stand-alone company may not be indicative of our future growth or financial results. There is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth prospects should be considered in light of the risks and uncertainties that fast-growing companies with a limited operating history in our industry may encounter, including, among others, risks and uncertainties regarding our ability to:

- enrich New Economy-focused content offerings;
- maintain, strengthen and diversify content distribution channels;
- retain existing users on, and attract new users to, our platforms;
- offer comprehensive business services tailored to enterprises' needs throughout their lifecycles;
- attract, retain and motivate talented in-house content creation teams;
- maintain stable relationships with third-party professional content providers;
- develop and implement successful monetization strategies;
- increase brand awareness through marketing and branding activities;
- upgrade existing technology and infrastructure and develop new technologies;
- successfully compete with other companies that are currently in, or may in the future enter, our industry; and
- adapt to the evolving regulatory environment.

All of these endeavors involve risks and will require significant allocation of management and employee resources and capital expenditures. We cannot assure you that we will be able to effectively manage our growth or implement our business strategies effectively. If the market for our platform does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations and financial condition will be materially and adversely affected.

We are subject to risks associated with operating in the rapidly evolving New Economy sectors.

As a New Economy-focused content and business services provider dedicated to serving New Economy participants in China, we are subject to risks associated with the rapidly evolving nature of New Economy sectors, including but not limited to technology, consumer, retail, healthcare and enterprise services. Our future business, financial conditions, and results of operations will largely depend on the development of China's New Economy and the growth of the number of New Economy participants. New Economy in China has experienced periods of rapid expansion, and the market size of New Economy-focused online advertising services, enterprise value-added services, and subscription services is expected to grow rapidly. However, there are significant uncertainties with respect to the growth and sustained profitability of China's New Economy sectors, including changes in general economic conditions in China, New Economy market trends and regulatory environment. Most of these factors are beyond our control. For example, adverse regulatory developments in New Economy sectors in China, such as new or stricter licensing requirements and restrictive industry policies, could materially affect the result of operations and financial conditions of our customers participating in such industries, which may in turn reduce their demand for our services. As a result, our business, financial condition and results of operations could be materially and adversely affected.

The success of our business depends on our ability to maintain and enhance our brand. Negative publicity about us, our services, operations and management, or our affiliates may adversely affect our reputation and business.

We believe that maintaining and enhancing our 36Kr brand is critical to our success, especially user and customer acquisition and retention. Unsuccessful marketing efforts, low-quality content and service offerings and unsatisfying user and customer experience are likely to harm our brand image and value.

In addition, negative publicity about us, our services, operations and our management may adversely affect our reputation and business. We have from time to time received negative publicity, including negative Internet and blog postings about our company, our business, our management, our services or our affiliates. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties. Our brand and reputation may be materially and adversely affected, which in turn may cause us to lose market share, users, customers and other third parties we conduct business with. As a result, our results of operations and financial performance may be negatively affected.

If we fail to provide high-quality content in a timely manner, we may not be able to attract or retain users. If our efforts to attract or retain users are not successful, our business and results of operations will be materially and adversely affected.

We have experienced significant user growth over the past several years. Our success depends on our ability to generate sufficient user traffic on our platform through the provision of high-quality New Economy-focused content. To attract and retain users, we need to further enrich our content by producing and sourcing new high-quality content in a cost-effective and timely manner. Furthermore, we need to anticipate and quickly respond to prevailing content formats, changing user preferences, and development in New Economy market trends. If we fail to cater to the needs and preferences of our users or deliver high-quality content in an efficient manner, we may suffer from reduced user traffic. In addition, if our valuable users no longer contribute their opinions or comments or other forms of interactive content to our platform, we may experience a decrease in the number of users or level of user engagement. At the same time, spam or excessive advertisement could impact user experience on our platform, which could damage our reputation and deter visits to our platform. If we are unable to grow our user base or increase user engagement, our platform will become less attractive to potential customers, especially online advertising services customers. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We cannot guarantee our monetization strategies will be successfully implemented or generate sustainable revenues or profit.

We currently generate a majority of our revenues from online advertising services and enterprise value-added services. Nevertheless, we have been diversifying and may further diversify our monetization channels by introducing new services, including services with which we have limited or no prior experience. We have been expanding our comprehensive enterprise value-added service offerings to meet various demands of our customers. We cannot assure that any of our newly launched services will successfully achieve wide market acceptance, increase the penetration of our addressable market or generate revenues or profit. If our business initiatives fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business and operating results may suffer as a result.

Our business could suffer if we are unable to retain or hire quality in-house writers, editors and video producers.

We rely primarily on our in-house writers, editors and video producers to create high-quality original content. We intend to continue to invest resources in our in-house content production writer and editorial team to maintain and improve content creation capabilities. Nevertheless, the demand and competition for talent is intense in our industry, particularly for skilled writers and editors. Therefore, we may need to offer high compensation and additional benefits to maintain a skilled in-house content creation team, which could increase our expenses. If we fail to compete effectively for talents, lose existing writers, editors or video producers, or fail to otherwise maintain an in-house content creation team at reasonable costs, our in-house content creation capabilities would be negatively affected. Any deterioration in our in-house content creation capabilities may materially and adversely affect our business and operating results. If we are unable to offer high-quality original content in a cost-effective manner, our user experience may be adversely affected, and we may suffer from reduced user traffic. Our business, financial condition and results of operations may be materially and adversely affected as a result.

Deterioration or termination of cooperation with third-party professional content providers may have a material adverse impact on our business and results of operations.

Third-party professional content constitutes a meaningful part of our content offerings, and we intend to continue to attract and explore new partnership with third-party professional content providers. If we fail to maintain our relationship with them, or they fail to provide content of satisfactory quality upon terms commercially acceptable to us, we may lose a significant portion of high-quality content offerings, and as a result our brand and operations could be materially harmed.

Our business, prospects and financial results may be affected by our relationship with third-party platforms.

We distribute certain of our content through our accounts on leading third-party Internet and social networking platforms, including Weibo, Weixin/WeChat, Toutiao, Zhihu, Baidu and Xinhuanet. These third-party platforms enable us to effectively extend our user reach and enhance our influence. In the twelve-month period ended December 31, 2021, we achieved an average monthly PV of 850.7 million, of which 821.7 million was derived from these third-party platforms. To the extent that we fail to leverage such third-party channels, our ability to attract or retain users may be harmed. If our relationship with these third-party platforms deteriorates or is terminated or we fail to establish or maintain relationships with them on commercially viable terms, we may not be able to quickly locate alternative channels. As a result, the aforementioned circumstances may limit our ability to continue growing our user base and have a material adverse effect on our business, financial condition and results of operations.

If the content provided on our platform is deemed to violate any PRC laws or regulations, our business, financial condition and results of operations may be materially and adversely affected.

China has enacted regulations governing Internet access and the distribution of news and other information over the Internet. Under these regulations, Internet content providers are prohibited from posting or displaying over the Internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent, violent or defamatory. Internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as “socially destabilizing” or leaking “state secrets” of China. In addition, certain news items, such as news relating to national security, may not be published without permission from the PRC regulatory authorities. If the PRC regulatory authorities were to take any action to limit or prohibit the distribution of information through our platform or our services, or to limit or regulate any current or future content or services available to users on our platform, our business could be significantly harmed.

In addition, we operate discussion forums, blogs, comment sections and user surveys for our users to interact on our platform, such as expressing opinions, posting comments and discussing with each other, and thereby generating our user interactive content. We have implemented an efficient and thorough content screening and monitoring mechanism which involve both automated filtering and manual review, to timely remove any inappropriate or illegal content, including interactive content on our platform. However, such procedures may not prevent all illegal or improper content or comments from being posted, and our editorial staff may fail to review and screen such content or comments effectively.

Failure to identify and prevent illegal or inappropriate content from being distributed on our platform may subject us to liability. To the extent that PRC regulatory authorities find any content 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, PRC 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 result in our liability as a platform operator.

If we fail to develop effective online advertising services, retain or acquire new online advertising services customers, or manage the credit risk of our customers, our financial condition, results of operations and prospects may be materially and adversely affected.

We generate a majority of our revenues from online advertising services. Revenues generated from online advertising services accounted for 43.2%, 44.7%, and 67.8% of our total revenues in 2019, 2020 and 2021, respectively. Our ability to generate and maintain our revenues from online advertising services depends on a number of factors, including our brand value, our user and customer base and competition in the online advertising services market. We cannot assure you that we will be able to retain or acquire online advertising services customers in the future or maintain or increase the pricing of online advertising services. For instance, if our online advertising services customers find that they can gain public attention more efficiently elsewhere, or if our competitors provide online advertising services that suit their goals better, we may lose our online advertising services customers. In addition, third parties may develop and use certain technologies to block the display of our online advertising services customers' advertisements on our platform. As a result, we may lose our online advertising services customers or be forced to reduce our pricing as our customers' advertisement becomes less effective due to more limited reach, which in turn materially and adversely affects our results of operations. Additionally, if our online advertising services customers determine that their advertising expenditures on our platform do not generate expected returns, they may bargain with us for lower pricing or reduce or terminate cooperation with us. Furthermore, given most of our online advertising service agreement with customers are short-term contracts, our customers may reduce or discontinue cooperation with us easily without incurring material liabilities. In addition, any inability of our customers to pay us in a timely manner and any failure in managing such credit risk may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

COVID-19 outbreaks may adversely affect our business.

COVID-19 outbreak has resulted in prolonged mandatory quarantines, lockdown, closures of businesses and facilities and travel restrictions imposed by the Chinese government and other countries around the world. Failure to contain the further spread of COVID-19 will prolong and exacerbate the general economic downturn, and our business, financial condition or results of operations could be adversely affected. While there has been intensifying efforts to contain the spread of COVID-19 by the governments of the countries and territories affected, the extent to which COVID-19 impacts our results is highly uncertain. As of the date of this annual report, we have experienced and do expect certain adverse impacts from the spread of COVID-19, such as delays or cancellations of our offline events and training, as well as the curtailment of advertising expenditures by certain customers, which adversely affected our financial results, including but not limited to decreased revenues and slower collection of receivables, additional allowance for credit losses and impairment to our long-term assets. As the epidemic has its shadows over society as a whole, some of our clients are seriously suffering and delayed or cancelled their budget. Meanwhile, since we serve clients from a wide spectrum of industries, the operational risk from reduced demand is partially diversified and offset. In addition, we are also able to partner with those clients that are less impacted or experience booming demand due to the containment measures, including clients in e-commerce, online entertainment, online retail, telecommuting, and enterprise services industries. As COVID-19 situation is evolving and business visibility is still limited, we are closely monitoring the epidemic development and evaluating its impact on our business. However, any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge concerning the duration and severity of COVID-19 and the actions taken by government authorities and other entities to contain COVID-19 or treat its impact, almost all of which are beyond our control.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet businesses and companies, including limitations on our ability to own key assets such as our platform.

The Chinese government heavily regulates the Internet industry, including foreign investment in the Chinese Internet industry, content on the Internet and license and permit requirements for services providers in the Internet industry. Since some of the laws, regulations and legal requirements with respect to the Internet are relatively new and evolving, their interpretation and enforcement involve significant uncertainties. In addition, the Chinese legal system is based on written statutes, such that prior court decisions can only be cited for reference and have little precedential value. As a result, in many cases it is difficult to determine what actions or omissions may result in liabilities. Issues, risks and uncertainties relating to China's government regulation of the Chinese Internet sector include the following:

We operate our platform in China through entities controlled via contractual arrangements versus direct ownership due to restrictions on foreign investment.

Uncertainties relating to the regulation of the Internet business in China, including evolving licensing practices, give rise to the risk that some of our permits, licenses or operations may be subject to challenge, which may be disruptive to our business, subject us to sanctions or require us to increase capital, compromise the enforceability of relevant contractual arrangements, or have other adverse effects on us. The numerous and often vague restrictions on acceptable content in China may subject us to potential civil and criminal liability, temporary blockage of platform or complete shut-down of our platform.

Due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. The adoption of additional laws or regulations may impede the growth of the Internet or other online services, which could, in turn, decrease the demand for our content and services and increase our cost of doing business. Moreover, the applicability to the Internet and other online services of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain and may take years to resolve. Any new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the Internet and other online services could significantly disrupt our operations or subject us to penalties.

In addition, the PRC regulatory authorities have recently taken steps to strengthen the regulation on cybersecurity and data protection. On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, effective on September 1, 2021. On August 20, 2021, the Standing Committee of the National People's Congress promulgated the PRC Personal Information Protection Law, which has become effective on November 1, 2021. On January 4, 2022, the CAC published the Revised Cybersecurity Review Measures, effective on February 15, 2022 and repealed the Cybersecurity Review Measures promulgated on April 13, 2020. Such Measures further restate and expand the applicable scope of the cybersecurity review. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. In addition, network platform operators holding over one million users' personal information shall apply with the Cybersecurity Review Office for a cybersecurity review before conducting any public offering in a foreign country. On August 17, 2021, the state council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. On January 4, 2022, the CAC published the Administrative Provisions on Internet Information Service Algorithm Recommendation on its website, effective on March 1, 2022. These newly promulgated laws and regulations reflect PRC government further attempts to strengthen the legal protection for the national network security, data security, the security of key information infrastructure and the security of personal information protection. See "Item 4. Information on the Company—4.B. Business Overview—Regulation— Regulation on Cybersecurity and Censorship" for details on regulations over data protection and privacy in the PRC.

We have been taking and will continue to take reasonable measures to comply with such laws, regulations, announcement, provisions and inspection requirements; however, as such laws, regulations, announcement and provisions are relatively new, it remains uncertain how these announcements and provisions will be implemented. We cannot assure you we can adapt our operations to it in a timely manner. Evolving interpretations of such laws, regulations, announcements and provisions or any future regulatory changes might impose additional restrictions on us generating and processing personal and behavioral data. We may be subject to additional regulations, laws and policies adopted by the PRC government to apply more stringent social and ethical standards in data privacy resulting from the increased global focus on this area. To the extent that we need to alter our business model or practices to adapt to these announcement and provisions and future regulations, laws and policies, we could incur additional expenses.

The interpretation and application of existing PRC laws, regulations and policies, the stated positions of relevant PRC government authorities and possible new laws, regulations or policies have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, Internet businesses in China, including our business. In addition, the direct shareholders of our VIE are PRC incorporated entities rather than PRC individuals. Therefore, the upward ownership structure and ultimate beneficial parties of such shareholders may vary from time to time, and we or our VIE may not be informed or aware of such variations. If any such change results in direct or indirect foreign stake in any of the shareholders of our VIE, our VIE may not be eligible for maintaining certain existing licenses to operate business where foreign investment is prohibited or restricted.

Lack of Internet news information license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.

The PRC government regulates the Internet industry extensively, including foreign ownership of, and the licensing requirements pertaining to, companies in the Internet industry. A number of regulatory agencies, including the Ministry of Culture, or the MOC, the Ministry of Industry and Information Technology, or the MIIT, the Cyberspace Administration of China, or CAC, the National Radio and Television Administration, or the NRTA (previously known as the State Administration of Press Publication, Radio, Film and Television, or the SAPPRFT), the State Council Information Office, or the SCIO, and other governmental authorities, jointly regulate all major aspects of the Internet industry. Operators are required to obtain various government approvals and licenses prior to providing the relevant Internet information services.

The content provided on our platform, including New Economy-focused industry reports, market updates, flash updates, columns and interviews, may be deemed to be news information content. Pursuant to the Provisions for the Administration of Internet News Information Services issued by the national CAC on May 2, 2017 that became effective on June 1, 2017, an Internet news information license shall be obtained for a provider of Internet news information services to the public in a variety of ways, including forwarding Internet news information and offering of platforms for the dissemination of Internet news information. As such, we may be required to obtain an Internet news information license from CAC for our business. In practice, competent Internet news information services providers that are not state-owned, such as our company, may need to introduce a state-owned shareholder in order to facilitate the application and approval process for the Internet news information license. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulation on Internet News Services.”

In addition, according to the Provisions for the Administration of Internet News Information Services, those that apply for a license for Internet news information collecting, editing and publishing services shall be news agencies (including the entities held thereby) or the entities under the charge of news publicity authorities. Internet news information services providers shall separate their news collection and editing services from other operational businesses and non-state-owned capitals shall not engage in services of collecting and editing Internet news information. We are not a news agency or a state-owned entity engaging in services of collecting and editing Internet news information. As such, we may not be permitted to collect and edit Internet news information. As a result, the CAC or its applicable office at the provincial level may, at its sole discretion, order us to cease relevant operations, and impose a fine of more than RMB10,000 and less than RMB30,000; where a crime is constituted, it shall be subject to criminal liabilities.

We plan to apply for the Internet news information license from the CAC through our VIE when it is feasible to do so. However, there can be no assurance that our application will be accepted or approved by the CAC. In the event we fail to obtain the Internet news information license, we may be ordered to suspend relevant business and our results of operations and financial condition could be materially and adversely affected. As of the date of this annual report, we have not received any notice of warning or been subject to any material administrative penalties or other disciplinary actions from the relevant governmental authorities for lack of the Internet news information license. However, in the past, CAC ordered certain PRC companies to suspend their online content offerings for a certain period of time due to their lack of Internet news information license. As such, we cannot assure you that we will not be subject to similar or other penalties, such as any warning, investigations, suspension of some or all of our content offerings or other penalties that may materially adversely affect our business, financial condition and results of operations.

Lack of Internet audio-visual program transmission license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.

Pursuant to the Administrative Provisions on Internet Audio-visual Program Service, or the Audio-visual Program Provisions, which was issued by the MIIT and the State Administration of Radio, Film and Television, or the SARFT (the predecessor of SAPPRFT) on December 20, 2007 and came into effect on January 31, 2008 and was amended on August 28, 2015, online transmission of audio and video programs requires an Internet audio-visual program transmission license and online audio-visual services providers must be either wholly state-owned or state-controlled. In a press conference jointly held by SARFT and MIIT to answer questions with respect to the Audio-visual Program Provisions in February 2008, SARFT and MIIT clarified that online audio-visual services providers that had already been operating lawfully prior to the issuance of the Audio-visual Program Provisions may re-register and continue to operate without becoming state-owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to online audio-video services providers established after the Audio-visual Program Provisions was issued. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Internet Audio-visual Program Services.”

We provide our content in various formats, including audio and video, on our platform and several third parties platform. If such content offerings are considered as online transmission of audio and video programs, we may be required to obtain the Internet audio-visual program transmission license. We currently do not possess such license. If the relevant regulatory authorities find our operations to be in violation of the applicable laws and regulations, we may receive a warning and be ordered to rectify such non-compliance and pay a fine of not more than RMB30,000. In severe cases, we may be ordered to cease transmission of audio and video programs, be subject to a penalty equal to one to two times our total investment in the affected business and the devices we used for such operation may be confiscated. Furthermore, according to the Audiovisual Program Provisions, the telecommunications administrative authorities may, based on written opinions of the SARFT, and in accordance with the relevant laws and regulations on supervision of telecommunications and Internet, close our platform, revoke the relevant license or filings for the provision of Internet information service and order the relevant network operation entity which provides us signal access services to stop such provision of services. As of the date of this annual report, we have not received any notice of warning or been subject to any material administrative penalties or other disciplinary actions from the relevant governmental authorities for lack of the Internet audio-visual program transmission license. However, in the past, the relevant governmental authorities penalized certain PRC companies due to their lack of the Internet audio-visual program transmission license. As such, we cannot assure you that we will not be subject to any warning, investigations suspension of some of our content offerings or other penalties that may materially and adversely affect our business, financial condition and results of operations.

Lack of Internet publishing license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.

On February 4, 2016, the SAPPRFT and the MIIT jointly issued the Rules for the Administration for Internet Publishing Services, or the Internet Publishing Rules, which took effect on March 10, 2016 and prohibit wholly foreign-owned enterprises, Sino-foreign equity joint ventures and Sino-foreign cooperative enterprises from engaging in the provision of web publishing services. Under these rules, providers of online publications are required to hold the Internet publishing license. However, uncertainty remains regarding the interpretation of relevant concepts, including “online publications” under the current PRC laws and regulations. Although we have not been required by the General Administration of Press and Publication or other relevant authorities to obtain the Internet publishing license as of the date of this annual report, we may face further scrutiny by such authorities, and they may require us to apply for such license or subject us to penalties. In addition, cooperation between Internet publishing services providers and wholly foreign-owned enterprises, Sino-foreign equity joint ventures, or Sino-foreign cooperative enterprises within China or overseas organizations or individuals engaging in Internet publishing business shall be subject to examination and approval by the General Administration of Press and Publication in advance. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Internet Publishing.”

If the provision of our in-house-generated content, in the forms of articles, pictures, audio and video clips, on our online platform is considered “online publishing”, we may be required to obtain the Internet publishing license. If the relevant regulatory authorities find our operations without an Internet publishing license to be in violation of the applicable laws and regulations, such regulatory authorities may order us to cease relevant operations or close our platform, or confiscate the devices we used for such operation. If our revenue from such violation is less than RMB10,000, the relevant regulatory authorities may impose a fine of less than RMB50,000. If our revenue from such violation is RMB10,000 or above, such regulatory authorities may impose a fine equivalent to five to ten times of our revenue from the violation. In addition to the administrative penalties, our operation without the Internet publishing license may also subject us to civil and criminal liabilities.

We plan to apply for the Internet publishing license through our VIE when it is feasible to do so. However, there can be no assurance that the application will be accepted or approved by the relevant regulatory authorities. As of the date of this annual report, we have not received any notice of warning or been subject to material administrative penalties or other disciplinary actions from the relevant governmental authorities for lack of the license, which have had a material adverse impact on our business. However, we cannot assure you that we will not be subject to any warning, investigations suspension of some or all of our content offerings or other penalties that may materially adversely affect our business, financial condition and results of operations.

Advertisements on our platform may subject us to penalties and other administrative actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our platform to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. In addition, where a special government review is required for specific types of advertisements prior to posting, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, we are obligated to confirm that such review has been performed and approval has been obtained from competent governmental authorities. To fulfill these monitoring functions, we typically include clauses in our online advertising contracts requiring that all advertising content provided by online advertising services customers must comply with relevant laws and regulations. Under PRC law, we may have claims against online advertising services customers for all damages to us caused by their breach of such representations. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our online advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations, such as posting a pharmaceutical product advertisement without approval, or posting an advertisement for fake pharmaceutical product, PRC regulatory authorities may force us to terminate our online advertising operation or revoke our licenses. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Online Advertising Services.”

A majority of the advertisements shown on our platform are provided to us by third parties. Although we have implemented automated and manual content monitoring systems and significant efforts have been made to ensure that the advertisements shown on our platform are in full compliance with applicable laws and regulations, we cannot assure you that all the content contained in such advertisements is true, accurate and legitimate as required by the advertising laws and regulations, especially given the uncertainty in the application of these laws and regulations. The inability of our systems and procedures to adequately and timely discover such evasions may subject us to regulatory penalties or administrative sanctions. Although we have not been subject to material penalties or administrative sanctions in the past for the advertisements shown on our platform, if we are found to be in violation of applicable PRC advertising laws and regulations in the future, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse effect on our business, financial condition, results of operations and prospects. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Online Advertising Services.”

We face competition in major aspects of our business. If we are unable to compete effectively in the industry we operate, our business, results of operations and financial condition may be materially and adversely affected.

The New Economy-focused business services market is highly competitive. Our online advertising services face competition from other content-based online advertising services providers as well as technology channels of major Internet information portals, such as Sina and Tencent News. For our enterprise value-added services, we face competition from other New Economy-focused enterprise value-added services providers as well as traditional marketing, consulting and public relation companies. We also compete with paid content services providers and online/offline training agencies with respect to our subscription services. We also face competition from traditional advertising media. If we cannot effectively compete with these platforms and distribution channels for marketing budgets of our existing and potential customers, our results of operations and growth prospects could be adversely affected.

Our competition is primarily centered on increasing user traffic, user engagement and brand recognition, as well as customer acquisition and retention, among other factors. Some of our competitors have longer operating histories and significantly greater financial resources than we do, which may allow them to attract and retain more users and customers. Our competitors may compete with us in a variety of ways, including by offering popular content, introducing new business services, conducting more aggressive brand promotions and other marketing activities and through investments and acquisitions. If any of our competitors achieve greater market acceptance or is able to offer more attractive content and business services than us, our user traffic, customer acquisition and retention, brand value and market share may decrease, which may have a material and adverse effect on our business, financial condition and results of operations.

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

We have incurred expenses on a variety of marketing and branding activities. In 2019, 2020 and 2021, we incurred RMB131.3 million, RMB140.7 million and RMB143.9 million (US\$22.6 million) in sales and marketing expenses, accounting for 20.0%, 36.4% and 45.4% of our total revenues, respectively. Our marketing and branding activities may not be well received, successful or cost-effective, which may lead to significantly higher marketing expenses in the future. We may also not be able to continue our existing marketing and branding activities. Failure to refine our existing marketing strategies or introduce new effective marketing strategies in a cost-effective manner could impact our business operations and financial performance.

Content provided on our platform may expose us to libel or other legal claims which may result in costly legal damages.

Claims may be threatened and filed against us for libel, defamation, invasion of privacy, intellectual property right infringements and other theories based on the nature and content of the information distributed on our platform. While we screen our content for such potential liability, there is no assurance that our screening process will identify all potential liability, especially liability arising from our user interactive content and content we source from third parties. In the past, there was no claim brought against us which resulted in material liability, but we cannot assure you we will not be subject to future claims that could be costly, encourage similar lawsuits, distract our management team and harm our reputation and possibly our business.

If we are unable to manage our growth, our business and prospects may be materially and adversely affected.

We have experienced rapid growth since our incorporation in 2016. To manage our business expansion, we need to continuously expand and enhance our infrastructure and technology, and improve our operational and financial systems, procedures and internal controls. We cannot assure you that our current and planned personnel, infrastructure, systems, procedures and controls will be adequate to support our expanding operations. We may be required to spend more on sales and marketing in order to support any such expansion and our efforts may not be effective. If we fail to manage our expansion effectively or efficiently, our business and results of operations may be materially and adversely affected.

We may face challenges in expanding our international and local operations.

We rely on our diversified distribution channels to deliver our content to users in a cost-effective and timely manner. Specifically, we collaborate with established overseas and local media companies in setting up overseas and local stations. On the one hand, we face risks associated with expanding into new regions and markets in which we have limited or no experience and in which our brand may be less known. We may be unable to attract a sufficient number of users and other participants through our overseas and local stations. We may face fierce competition from overseas and local markets or other difficulties in operating effectively in these new markets. On the other hand, our international expansion and local penetration will also expose us to risk such as increased demands on management, operational and financial resources, different regulatory compliance requirements and exchange rate fluctuations, among others. One or more of these factors could adversely impact our international and local operations. Accordingly, any efforts we make to expand our international and local operations may not be successful.

Future investments in and acquisitions of complementary assets, technologies and businesses may fail and may result in equity or earnings dilution.

We may invest in or acquire assets, technologies and businesses that are complementary to our existing business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business. Furthermore, if such goodwill or intangible assets become impaired, we may be required to record a significant charge to our results of operations. Such investments and acquisitions may also require our management team to devote a significant amount of attention. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. In addition, we may have to obtain approval from the relevant PRC governmental authorities for the investments and acquisitions and comply with any applicable PRC rules and regulations, which may be costly. In the event our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

We have recorded negative cash flows from operating activities historically. We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

We have experienced cash outflow from operating activities in history. We recorded net cash used in operating activities of RMB158.9 million and RMB17.1 million in 2019 and 2020, respectively and net cash provided by operating activities of RMB195.0 million (US\$30.6 million) in 2021. The cost of continuing operations could further reduce our cash position, and an increase in our net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the capital needs for our daily operation and future business expansion. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the New Economy-focused business services market;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital raising activities by New Economy and other Internet companies in China; and
- economic, political and other conditions in China and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms or at all. In addition, due to future capital needs and other business reasons, we may need to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

If we fail to collect accounts receivable from our customers in a timely manner, our business operations and financial results may be materially and adversely affected.

Accounts receivable are generally non-interest bearing and are on terms between 90 to 270 days. In some cases, these terms are extended for certain qualifying long-term customers who have met specific credit requirements. As of December 31, 2021, accounts receivable amounted to RMB129.4 million (US\$20.3 million) has been derived from the advertisement agent services that mentioned in “Item 4. Information on the Company—4.B. Business Overview—Our Business Services.” We generally make a credit assessment of our customers before entering into an agreement with them. Nevertheless, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each customer. Furthermore, the financial soundness of our customers, which is beyond our control, may affect our collection of accounts receivable. Any delay in payment or failed payment may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial results.

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

Our success depends on the continued and collaborative efforts of our senior management. If, however, one or more of our executives or other key personnel are unable or unwilling to continue to provide services to us, we may not be able to find suitable replacements easily or at all. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executives or key personnel, or attract and retain experienced executives or key personnel in the future. If any of our executive officers or key employees joins a competitor or forms a competing business, we may lose crucial business secrets, technological know-hows, customers and other valuable resources.

We may be subject to intellectual property infringement claims or other allegations by third parties for information or content distributed on our platform, which may be expensive to defend and may materially and adversely affect our business, financial condition and prospects.

Our success depends, in large part, on our ability to operate our business without infringing third-party rights, including third-party intellectual property rights. Companies in the Internet, technology and media industries own, and are seeking to obtain, a large number of patents, copyrights, trademarks and trade secrets, and they are frequently involved in litigation based on allegations of infringement or other violations of intellectual property rights or other related legal rights. The validity, enforceability and scope of protection of intellectual property rights in Internet-related industries, particularly in China, are uncertain and still evolving. As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims.

While our content screening and monitoring mechanism screens content for potential copyright infringements, we may not be able to identify all instances of copyright infringement, especially those arising from professional content we source from third parties. For example, content providers may submit copyrighted content that they have no right to distribute. In the event we deliver content that violates the copyrights of a third party, we may be required to pay damages to compensate such third party. In addition, our platform allows our users to voice their opinions, express their views, discuss with each other and provide feedbacks to our content. Content posted by our users may expose us to allegations by third parties of infringement of intellectual property rights, invasion of privacy, defamation and other violations of third-party rights. Pursuant to our user agreement, users agree not to post any content that is illegal, obscene or may otherwise violate generally accepted codes of ethics. We have also implemented automated and manual review of the content on our platform. However, there is no assurance that we can identify and remove all potentially infringing content uploaded by our users. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Third parties may take action and file claims against us if they believe that certain content on our site violates their copyrights or other related legal rights. We have been, and may in the future be, subject to such claims in the PRC.

In addition, we operate our platform primarily through our VIE and its subsidiaries, and our ability to monitor content as described above depends in large part on the experience and skills of the management of, and our control over, those consolidated affiliated entities. Our control over the management and operations of our consolidated affiliated entities through contractual arrangements may not be as effective as that through direct ownership. See “Risks Related to Our Corporate Structure—We rely on contractual arrangements with our VIE and its shareholders to operate our business, which may not be as effective as direct ownership in providing operational control and otherwise materially and adversely affect our business.”

Although we have not been subject to claims or lawsuits with respect to copyright infringement outside of China, we cannot assure you that we will not become subject to copyright laws or legal proceedings initiated by third parties in other jurisdictions, such as the United States, as a result of the ability of users to access our content in the United States and other jurisdictions, the ownership of our ADSs by investors in the United States and other jurisdictions, the extraterritorial application of foreign law by foreign courts, the fact that we sub-licensed content from licensors who in turn obtained their authorizations from content providers in the United States and other jurisdictions or otherwise. In addition, as a publicly listed company, we may be exposed to increased risk of litigation. If a claim of infringement brought against us in the United States or other jurisdictions is successful, we may be required to, upon enforcement, (i) pay substantial statutory or other damages and fines, (ii) remove relevant content from our platform or (iii) enter into royalty or license agreements which may not be available on commercially reasonable terms or at all.

We may not be able to adequately protect our intellectual property and prevent others from unauthorized use of our intellectual property, which could cause us to be less competitive and harm our business.

We rely on a combination of copyright, trademark and other intellectual property laws and confidentiality agreements and other measures to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our copyrighted content and other intellectual property. Monitoring such unauthorized use is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. The PRC has historically afforded less protection to a company’s intellectual property than the United States and the Cayman Islands, and therefore companies such as ours operating in the PRC face an increased risk of intellectual property piracy.

We may from time to time become a party to litigation, legal disputes, claims or administrative proceedings that may materially and adversely affect us.

We may from time to time become a party to various litigation, legal disputes, claims or administrative proceedings arising in the ordinary course of our business. We may also get involved in legal disputes, claims or litigation in connection with our major corporate actions. For example, in connection with our reorganization in August 2019, shareholders of Xieli Zhucheng are entitled to designate an entity to subscribe for and/or receive shares of our company reflecting their respective indirect ownership percentages in our VIE before completion of the reorganization. A certain shareholder of Xieli Zhucheng, however, has not officially responded to Xieli Zhucheng's request for such designation. As such, Xieli Zhucheng designated an offshore entity to hold the shares that such shareholder is entitled to receive in the reorganization, which represent 1.4% of our total outstanding shares as of the date of this annual report, pending further instructions from such shareholder. We cannot assure you, however, that such shareholder will be satisfied with such arrangement or will not file any claim or lawsuit against Xieli Zhucheng or us to claim for damages or even challenge the validity of the reorganization and our contractual arrangements with our VIE.

We cannot predict the outcome of any litigation, legal disputes, claims or administrative proceedings. If any verdict or award is rendered against us or if we decide to settle the disputes, we may be required to incur monetary damages or other liabilities. Even if we can successfully defend ourselves, we may have to incur substantial costs and spend substantial time and efforts in these lawsuits. Negative publicity relating to such litigation, legal disputes, claims or administrative proceedings may damage our reputation and adversely affect the image of our brand and services. Furthermore, any litigation, legal disputes, claims or administrative proceedings which are not of material importance may escalate due to the various factors involved, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake, and the parties concerned continue to evolve in the future, and such factors may result in these cases becoming of material importance to us. Consequently, any ongoing or future litigation, legal disputes, claims or administrative proceedings could materially and adversely affect our business, financial condition and results of operations.

We have undertaken strategic partnerships which may not be successful. If our collaboration with any of our strategic partners is terminated or curtailed, or if we are no longer able to benefit from the business collaborations with our strategic partners, our business may be adversely affected.

Our business has benefited from our collaborations with our strategic partners to provide services that are critical to our businesses. For example, through our strategic partnership with JingData, we collectively contribute to and manage a massive database of over 840,000 enterprises, which is essential to our business. If there is a material disruption in the business of JingData, or any systems failure or security breach or lapse from JingData, our business, financial condition and results of operations may be adversely affected. We cannot assure you that such alliances or partnerships will make a positive contribution to our business, and we might not be able to maintain our cooperative relationships with our strategic partners and their respective affiliates in the future. If the services provided by these strategic partners become limited, compromised, restricted, curtailed or less effective or become more expensive or unavailable to us for any reason, our business may be materially and adversely affected. To the extent we cannot maintain our cooperative relationships with any of these strategic partners, it may be very difficult for us to identify other alternative partners, which may divert significant management attention from existing business operations and adversely impact our daily operation and customer experience.

Our business, results of operations and financial condition may be harmed by service disruptions, or by our failure to timely and effectively scale and adapt our existing technology and infrastructure.

We have experienced, and may experience in the future, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, capacity constraints due to an overwhelming number of people accessing our services simultaneously, computer viruses and denial of service, fraud and security attacks. Any disruption or failure in our infrastructure could hinder our ability to handle existing or increased traffic on our platform or cause us to lose content stored on our platform, which could significantly harm our business and our ability to retain existing users and attract new users.

As the number of our users increases and as we continue to diversify into new content formats, we may be required to expand and adapt our technology and infrastructure to continue to reliably store, analyze and deliver content. It may become increasingly difficult to maintain and improve the performance of our services, especially during peak usage times, as our services become more complex and our user traffic increases. If our users are unable to access our platform or we are not able to make information available rapidly on our platform, or at all, users may become frustrated and seek other channels for their New Economy-focused content, and may not return to our platform or use our platform as often in the future, or at all. This would negatively impact our ability to attract users and maintain high level of user engagements as well as our ability to attract online advertising services customers.

Our operations depend on the performance of the Internet infrastructure and fixed telecommunications networks in China. Any malfunction, capacity constraint or operation interruption may have an adverse impact on our business.

The successful operation of our business depends on the performance of the Internet infrastructure and telecommunications networks in China. Almost all access to the Internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. Moreover, we primarily rely on a limited number of telecommunication services providers to provide us with data communications capacity. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's Internet infrastructure or the telecommunications networks provided by telecommunications services providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. However, we have no control over the costs of the services provided by telecommunications services providers. If the prices we pay for telecommunications and Internet services rise significantly, our results of operations may be materially and adversely affected. If Internet access fees or other charges to Internet users increase, our user traffic may decline and our business may be harmed.

Privacy concerns relating to our services and the use of user information could damage our reputation, deter current and potential users and customers from using our services and negatively impact our business.

We collect personal data from our users in order to better study and predict the preferences and demands of our users, and in turn tailor and recommend our content offerings accordingly. Concerns about the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage our reputation, cause us to lose users and customers and adversely affect our business, results of operations and financial condition. While we strive to comply with applicable data protection laws and regulations, as well as our own posted privacy policies and other obligations we may have with respect to privacy and data protection, the failure or perceived failure to comply may result, and in some cases has resulted, in inquiries and other proceedings or actions against us by government agencies or others, as well as negative publicity and damage to our reputation and brand, each of which could cause us to lose users and customers, which could have an adverse effect on our business.

Any systems failure or compromise of our security that results in the unauthorized access to or release of our users' or customers' data could significantly limit the adoption of our services, as well as harm our reputation and brand and, therefore, our business. We expect to continue to expend significant resources to protect against security breaches. The risk that these types of events could seriously harm our business is likely to increase as we expand the number of products and services we offer and expand our user base.

New laws or regulations concerning data protection, or the interpretation and application of existing consumer and data protection laws or regulations, which is often uncertain and in flux, may be inconsistent with our practices. Complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulation on Privacy Protection."

If our security measures are breached, or if our services are subject to attacks that degrade or deny the ability of users to access our services, our services may be perceived as not being secure, users may curtail or stop using our services and our business, results of operations and financial condition may be harmed.

Our services involve the storage and transmission of users' information, and security breaches expose us to a risk of loss of this information, litigation and potential liability. Our user data is encrypted and saved on cloud-based servers, protected by access control, and further backed up in long-distance servers, so as to minimize the possibility of data loss or breach. Upon a security breach, our technical team will be notified immediately and diagnose and solve the technical problems. As of the date of this annual report, we have not experienced any material incidents of security breach.

Despite the security measures we have implemented, we may experience cyber-attacks of varying degrees, including attempts to hack into our user accounts or redirect our user traffic to other websites. Functions that facilitate interactivity with other mobile applications, which among other things allow users to log into our platform using their accounts or identities, could increase the scope of access of hackers to user accounts. Our security measures may also be breached due to employee error, malfeasance or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive information in order to gain access to our data or our users' data or accounts, or may otherwise obtain access to such data or accounts. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation and a loss of confidence in the security of our services that could have an adverse effect on our business, results of operations and financial condition. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, we could lose users and we may be exposed to significant legal and financial risks, including legal claims and regulatory fines and penalties. Any of these actions could have a material and adverse effect on our business, results of operations and financial condition.

Our current dependence on a limited number of customers may cause significant fluctuations or declines in our revenues.

A considerable portion of our revenues is derived from a limited number of our customers. In 2021, our top five customers in aggregate accounted for 14.5% of our total revenues, and our largest customer accounted for 5.2% of our total revenues. Our largest customer in 2021 is a third-party agency, through which we provided advertising services to several companies. Nevertheless, there are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of customers. It may not be possible for us to predict the future level of demand for our services by our largest customers. Actions taken by our largest customers to exploit their comparably superior bargaining position when negotiating for renewals of services agreements or otherwise could also have an adverse effect on our results of operations. In addition, revenues from the largest customers may fluctuate from time to time for reasons beyond our control. There can be no assurance that we can maintain relationships with our largest customers on commercially desirable terms. If any of the foregoing were to occur, we could be pressured to reduce the prices we charge for our services or risk losing our largest customers, which could have an adverse effect on our revenues and margins, and could negatively affect our financial position and results of operations and/or trading price of our ADSs.

Our user and customer operating metrics and other estimates are subject to inherent challenges in measuring our operating performance, which may harm our reputation.

We regularly review our operating metrics in relation to our users and customers to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using our internal data as well as third-party platform's data, have not been validated by an independent third party, and may not be indicative of our future operation results. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across a large population in China. For example, we may not be able to distinguish individual users who have multiple registered accounts across our self-operated platforms and third-party platforms. Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we might expend resources to implement unnecessary business measures or fail to take required actions to remedy an unfavorable trend. If online advertising services customers or investors do not perceive our user or other operating metrics to accurately represent our user base, or if we discover inaccuracies in our user or other operating metrics, our reputation may be harmed.

If we fail to implement and maintain an effective system of internal controls over financial reporting, we may be unable to accurately or timely report our results of operations or prevent fraud, and investor confidence and the trading price of our ADSs may be materially and adversely affected.

In the course of auditing our consolidated financial statements as of and for the year ended December 31, 2021, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting and other control deficiencies. The material weakness identified is our lack of sufficient competent financial reporting and accounting personnel with appropriate understanding of U.S. GAAP to design and implement formal period-end financial reporting controls and procedures to address U.S. GAAP technical accounting issues, and to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC. We are in the process of implementing a number of measures to address the identified material weakness and control deficiencies. However, we cannot assure you that these measures may fully address or remediate the material weakness and control deficiencies.

As a public company in the United States, we are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we include a report from management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2020. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other or more material weaknesses or deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions.

We have limited business insurance coverage which could expose us to significant costs and business disruption.

Insurance companies in China offer limited business insurance products. We do not have any business liability or disruption insurance coverage for our operations in China. Any business disruption may result in our incurring substantial costs and the diversion of our resources, which could have an adverse effect on our results of operations and financial condition.

Our quarterly operating results may fluctuate, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.

Our quarterly operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are out of our control. Our operating results tend to be seasonal. For instance, advertising and marketing activities tend to be less active during the first quarter, which is Chinese New Year holiday season. As compared to the first quarter, our online advertising services customers tend to increase advertising and marketing spending near the end of each calendar year when they spend their remaining annual budgets. Moreover, as most of our online/ offline events are hosted in the fourth quarter of each year, we also experience increase in revenues during the fourth quarter of each year for our enterprise value-added services. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues in a given period may be significantly different from our historical or projected rates and our operating results in future quarters may fall below expectations.

We have granted, and may continue to grant, share incentives, which may have an adverse effect on our future profit.

Xieli Zhucheng adopted a share incentive plan in 2014, or the 2014 Share Incentive Plan and Beijing Duoke adopted a share incentive plan in December 2016, or the 2016 Share Incentive Plan, to enhance its ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. In September 2019, 36Kr Holdings Inc. adopted a share incentive plan, which we refer to as the 2019 Share Incentive Plan. The 2014 Share Incentive Plan and 2016 Share Incentive Plan were canceled concurrently upon the adoption of the 2019 Share Incentive Plan, and each participant of the 2014 Share Incentive Plan and 2016 Share Incentive Plan received corresponding grants of options under the 2019 Share Incentive Plan. In June 2021, we amended the 2019 Incentive Plan with the approval of the board of directors, pursuant to which the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2019 Share Incentive Plan is 162,186,000. See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plan.”

In 2019, 2020 and 2021, we recorded RMB91.2 million, RMB39.3 million and RMB15.0 million (US\$2.4 million), respectively, in share-based compensation expenses. We believe the granting of share-based awards is significant for us to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

A severe and prolonged global economic recession and the slowdown in the Chinese economy may adversely affect our business, results of operations and financial condition.

The global macroeconomic environment is facing challenges, including the ongoing trade disputes and tariffs, the outbreak of COVID-19 pandemic and recent Russia-Ukraine crisis. The growth of the Chinese economy has slowed down since 2012 compared to the previous decade and the trend may continue. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa. There have also been concerns on the relationship between China and other countries, including surrounding Asian countries, which may potentially lead to foreign investors closing down their businesses or withdrawing their investments in China and, thus, exiting the China market, and other economic effects. In addition, there have also been concerns on the relationship between China and the U.S. following rounds of tariffs imposed by the U.S. and retaliatory tariffs imposed by China. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs. Our customers may reduce or delay spending with us, while we may have difficulty expanding our customer base fast enough, or at all, to offset the impact of decreased spending by our existing customers. In addition, to the extent we offer credit to any customer and the customer experiences financial difficulties due to the economic slowdown, we could have difficulty collecting payment from the customer.

Any catastrophe, including natural catastrophes and outbreaks of health pandemics and other extraordinary events, could disrupt our business operation.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures or Internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide our services.

Our business could also be adversely affected by the effects of Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, COVID-19 or other epidemics. See “—COVID-19 outbreaks may adversely affect our business.” Our business operations could be disrupted if any of our employees is suspected of having abovementioned or any other contagious disease or condition, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our business, results of operations and financial condition could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general.

Risks Related to Our Corporate Structure

There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with the VIE and, consequently, significantly affect the financial condition and results of operations performance of 36Kr. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIE.

Foreign investment in the value-added telecommunication services industry in China is extensively regulated and subject to numerous restrictions. The Special Administrative Measures for Entrance of Foreign Investment (the “Negative List 2021”) provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a commercial Internet content provider or other value-added telecommunication services provider other than an e-commerce services provider, and the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) requires that the major foreign investor in a value-added telecommunication services provider in China must have experience in providing value-added telecommunications services overseas and maintain a good track record. In addition, foreign investors are prohibited from investing in companies engaged in Internet dissemination, Internet content provision, Internet news information services, online publishing businesses, certain Internet culture businesses, Internet audio-visual programs businesses and production and operation of radio and television programs. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Foreign Investment Law”

We are a Cayman Islands company and our subsidiary in China is currently considered a foreign-invested enterprise. Accordingly, in practice, our PRC subsidiary is not eligible to provide value-added telecommunication services or conduct other businesses which foreign-owned companies are prohibited or restricted from conducting in China. To ensure strict compliance with the PRC laws and regulations, we conduct such business activities through our VIE and its subsidiaries. Beijing Dake, our wholly owned subsidiary in China, has entered into a series of contractual arrangements with our VIE and its shareholders, which enables us to (i) exercise effective control over our VIE; (ii) receive substantially all of the economic benefits of our VIE; and (iii) have an exclusive option to purchase all or part of the equity interests and assets in our VIE when and to the extent permitted by PRC laws and regulations. For a description of these contractual arrangements, see “Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with Beijing Duoke.”

If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign investment in the value-added telecommunication services and other foreign prohibited services or if the PRC government otherwise finds that we, our VIE, or any of its 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 would have broad discretion in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiary and our VIE;
- imposing fines, confiscating the income from our PRC subsidiary or our VIE, or imposing other requirements with which we or our VIE may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIE and deregistering the equity pledges of our VIE, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIE;
- restricting or prohibiting our use of the proceeds of our initial public offering to finance our business and operations in China; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruptions to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. In addition, new PRC laws, regulations, and rules may be introduced to impose additional requirements, posing additional challenges to our corporate structure and contractual arrangements. If any of these occurrences results in our inability to direct the activities of the VIE or our failure to receive the economic benefits from the VIE and/or our inability to claim our contractual control rights over the assets of the VIE that conducts substantially all of our operations in China, we may not be able to consolidate the entity in our consolidated financial statements in accordance with U.S. GAAP which could materially and adversely affect our financial condition and results of operations and cause our ADSs to significantly decline in value or become worthless.

Any failure by the VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

Since PRC laws prohibit or restrict foreign equity ownership in certain kinds of business in China, we have relied and expect to continue to rely on the contractual arrangements with the VIE and its shareholders to operate our business in China.

However, these contractual arrangements may not be as effective as direct ownership in providing us with control over our affiliated entities. Any of our affiliated entities, including the VIE and its shareholders, could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. In the event that the shareholders of the VIE breach the terms of these contractual arrangements and voluntarily liquidate the VIE, or the VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by our affiliated entities, which could have a material adverse effect on our business, financial condition and results of operations.

All of these nominee shareholders are affiliated with our Company or affiliated with certain shareholders of the Company. Particularly, Tianjin Zhanggongzi Technology Partnership (L.P.) controlled by Mr. Liu Chengcheng, the Founder and a shareholder of the Company, owns 62.17% of equity interest of the VIE, Shenzhen Guohong No. 2 Enterprise Management Partnership (L.P.), an affiliate of one of our existing shareholders, owns 23.32% of equity interest of the VIE, and Ningbo Meishan Baoshui Gangqu Tianhong Lvheng Investment Management Partnership (L.P.), an affiliate of one of our existing shareholders, owns 14.51% of equity interest of the VIE. The enforceability of the contractual agreements between us, the VIE and its shareholders depends to a large extent upon whether the VIE and its shareholders will fulfil these contractual agreements. Their interests in enforcing these contractual agreements may not align with our interests or the interests of our shareholders. If their interest diverges from that of our company and other shareholders, it may potentially increase the risk that they could seek to act contrary to these contractual arrangements. If the VIE or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. Our contractual arrangements are governed by PRC law and provide for the resolution of disputes through litigation in China. Accordingly, these agreements would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such adjudication should legal action become necessary. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our affiliated entities, and our ability to conduct our business may be negatively affected.

The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required under PRC law in connection with our issuance of securities overseas, or maintenance of the listing status of our ADSs, and the PRC government's oversight and discretion over our business operations could result in a material adverse change in our operations and the value of our ADSs.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If CSRC approval under the M&A Rules is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for our future issuance of securities overseas would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Furthermore, we conduct our business primarily through our PRC subsidiaries and our VIE in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the operation of our business, and it may influence our operations, which could result in a material adverse change in our operation and the value of our ADSs. The PRC government has recently indicated an intent to exert more oversight over overseas offerings and/or foreign investment in China-based issuers like us. For example, on July 6, 2021, relevant PRC government authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities, which emphasized the need to strengthen the administration over “illegal securities activities” and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, although such opinions did not specify the definition of “illegal securities activities.” Such opinions further provided that the special provisions of the State Council on overseas offerings and listings by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory agencies will be clarified.

As these opinions were newly issued and there are no further explanations or detailed rules and regulations with respect to such opinions, there are still uncertainties regarding the interpretation and implementation of such opinions. In addition, new rules or regulations promulgated in the future could impose additional requirements on us, and it is uncertain how the new rules or regulations will be enacted, interpreted or implemented and how they will affect us. For example, it was reported that the CSRC may issue new rules requiring China-based companies to seek approval before going public outside of China, including in the U.S. Furthermore, on July 10, 2021, the CAC issued a revised draft of the Cybersecurity Review Measures for public comments, according to which, among others, an “operator of critical information infrastructure” or a “data processing operator,” who has personal information of more than one million users and is seeking to list its securities on a foreign stock exchange, must apply to the relevant cybersecurity review office for a cybersecurity review.

On December 24, 2021, the CSRC issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), collectively the Draft Overseas Listing Regulations, for public comments, which require, among others, that PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. As of the date of this annual report, the Draft Overseas Listing Regulations were released for public comments only and the final version and effective date of such regulations are subject to change with substantial uncertainty.

In addition, on January 4, 2022, the CAC published the Revised Cybersecurity Review Measures, which became effective on February 15, 2022. The Revised Cybersecurity Review Measures provide that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, shall apply for cybersecurity review and that a platform operator with more than one million users’ personal information aiming to list abroad must apply for cybersecurity review. There are substantial uncertainties as to the interpretation, application, and enforcement of the Revised Cybersecurity Review Measures. Under the Revised Cybersecurity Review Measures, we face potential risks if we are deemed as a “critical information infrastructure operator” or “platform operator” under the PRC cybersecurity laws and regulations, and would be required to follow cybersecurity review procedures. During such review, we may be required to suspend providing any existing or new services to our customers and/or experience other disruptions of our operations, and such review could also result in negative publicity with respect to our Company and diversion of our managerial and financial resources. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise tightening the regulations on companies with a VIE structure.

If the CSRC or other relevant PRC regulatory agencies subsequently determine that prior approval, filing and/or other administration procedure is required for any of our future offerings of securities overseas or maintenance of the listing status of our ADSs, we cannot guarantee that we will be able to obtain such approval or complete such filing or other administration procedures in a timely manner, or at all. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, not to proceed with such offering or maintenance of the listing status of our ADSs. If we proceed with any of such offering or maintain the listing status of our ADSs without obtaining the CSRC's or other PRC regulatory agencies' approval or completing relevant filing or other administration procedures to the extent it is required, or if we are unable to comply with any new approval requirements which might be adopted for offerings that we have completed prior to the publication of the above-referenced opinions, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from offering of securities overseas into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs.

Furthermore, if there are any other approvals, filings and/or other administration procedures to be obtained from or completed with the CSRC or other PRC regulatory agencies as required by any new laws and regulations for any of our future proposed offering of securities overseas or the listing of the ADSs, we cannot assure you that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approvals or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies, which may have a material adverse effect on our business, financial condition or results of operations. In addition, implementation of industry-wide regulations affecting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

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

On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, which became effective on January 1, 2020 and replaced three existing laws regulating foreign investment in China, namely, the Wholly Foreign-Invested Enterprise Law of the PRC, the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC and the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC, together with their implementation rules and ancillary regulations. The Foreign Investment Law of the PRC 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. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. For example, the Foreign Investment Law of the PRC adds a catch-all clause to the definition of "foreign investment" so that foreign investment, by its definition, includes "investments made by foreign investors in China through other means defined by other laws or administrative regulations or provisions promulgated by the State Council" without further elaboration on the meaning of "other means." It leaves leeway for the future legislations promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. It is therefore uncertain whether our corporate structure will be seen as violating the foreign investment rules as we are currently leveraging the contractual arrangements to operate certain businesses in which foreign investors are prohibited from or restricted to investing. Furthermore, if future legislations prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. If we fail to take appropriate and timely measures to comply with any of these or similar regulatory compliance requirements, our current corporate structure, corporate governance and business operations could be materially and adversely affected.

We rely on contractual arrangements with our VIE and its shareholders to operate our business, which may not be as effective as direct ownership in providing operational control and otherwise materially and adversely affect our business.

We rely on contractual arrangements with our VIE, its shareholders, as well as certain of its subsidiaries to operate our business in China. For a description of these contractual arrangements, see “Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with Beijing Duke.” These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIE. For example, our VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. The revenues contributed by our VIE and its subsidiaries constituted substantially all of our revenues in 2019, 2020 and 2021.

If we had direct ownership of our VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the contractual arrangements, we expect to rely on the performance by our VIE and its shareholders of their respective obligations under the contracts to exercise control over our VIE. The shareholders of our VIE may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks will exist throughout the period in which we operate our business through the contractual arrangements with our VIE and its shareholders. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation or other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our VIE and its shareholders may not be as effective in controlling our business operations as direct ownership.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIE, and our ability to conduct our business may be negatively affected. See “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in policies, laws and regulations in China, could adversely affect us.”

Contractual arrangements in relation to our VIE may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIE owe additional taxes, which could negatively affect our financial condition and the value of your investment.

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

The shareholders of our VIE may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The shareholders of our VIE may have actual or potential conflicts of interest with us. These shareholders may breach, or cause our VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIE, which would have a material and adverse effect on our ability to effectively control our VIE and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIE to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We may lose the ability to use, or otherwise benefit from, the licenses, permits and assets held by our VIE.

As part of our contractual arrangements with our VIE, our VIE holds certain assets, licenses and permits that are material to our business operations, including without limitation permits, licenses, domain names and most of our IP rights. The contractual arrangements contain terms that specifically obligate our VIE's shareholders to ensure the valid existence of our VIE and restrict the disposal of material assets of our VIE. However, in the event that our VIE's shareholders breach the terms of these contractual arrangements and voluntarily liquidate any of our VIE, or our VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of or encumbered without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by our VIE, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, under the contractual arrangements, our VIE may not, in any manner, sell, transfer, mortgage or dispose of their material assets or legal or beneficial interests in the business without our prior consent. If our VIE undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of the assets of our VIE, thereby hindering our ability to operate our business as well as constrain our growth.

Risks Related to Doing Business in China

Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in policies, laws and regulations in China, could adversely affect us.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

In 1979, 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 four decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the PRC legal system is based on written statutes and prior court decisions have limited value as precedents. 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 may not be uniform and enforcement of these laws, regulations and rules involves uncertainties. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

The PRC government has significant oversight and discretion over the conduct of our business and may intervene with or influence our operations at any time by adopting new laws and regulations as the government deems appropriate to further regulatory, political and societal goals. The PRC government has recently published new policies that adversely affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future further release regulations or policies regarding our industry that could further adversely affect our business, financial condition and results of operations. Furthermore, the PRC government has also recently indicated an intent to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

However, as there are still regulatory uncertainties in this regard, we cannot assure you that we will be able to comply with new laws and regulations in all respects, and we may be ordered to rectify, suspend or terminate any actions or services that are deemed illegal by the regulatory authorities and become subject to material penalties, which may materially harm our business, financial condition, results of operations and prospects.

In particular, PRC laws and regulations concerning the industries we operate 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 industries we operate in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to the industries we operate. Moreover, developments in the industries we operate 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 us, which could materially and adversely affect our business and operations.

Changes in China's economic, political and social conditions as well as government policies could have a material adverse effect on our business and prospect.

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 amount 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 exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. For example, Beijing Duoke is recognized as "High-New Technology Enterprise" ("HNTE") and is eligible for a 15% preferential tax rate effective through 2020, 2021, and 2022, upon the completion of its filings with the relevant tax authorities. However, the qualification as an HNTE is subject to annual evaluation and a three-year review by the relevant authorities in China. There can be no assurance that we will enjoy such preferential tax treatment in the future. Without such preferential tax treatment, we may incur more tax expense and our operating results could be adversely affected.

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. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our services and adversely affect our competitive position. 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 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 adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China. Any prolonged slowdown in the Chinese economy may reduce the demand for our services and materially and adversely affect our business and operating results.

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

We are a Cayman Islands company and substantially all of our current operations are conducted in China. In addition, most of our current directors and officers are nationals and residents of countries other than the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. 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.

Shareholder claims that are common in the United States, including securities law class actions and fraud claims, generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the local authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such regulatory cooperation with the securities regulatory authorities in the United States have not been efficient in the absence of mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. See also “You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.” for risks associated with investing in us as a Cayman Islands company.

The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections over our auditor deprives our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is not currently inspected by the PCAOB. This lack of the PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be delisted and our ADSs and Class A ordinary shares may be prohibited from trading in the over-the-counter market under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or fully investigate auditors located in China. On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our auditor is subject to the determinations that the PCAOB is unable to inspect or investigate completely. Under the current law, delisting and prohibition from over-the-counter trading in the U.S. could take place in 2024. If this happens there is no certainty that we will be able to list our ADSs or Class A ordinary shares on a non-U.S. exchange or that a market for our ADSs or Class A ordinary shares will develop outside of the U.S. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China’s, the Holding Foreign Companies Accountable Act, or the HFCAA has been signed into law on December 18, 2020. The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our Class A ordinary shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the U.S. Accordingly, under the current law this could happen in 2024.

On December 2, 2021, the SEC adopted final amendments to its rules implementing the HFCAA (the “Final Amendments”). The Final Amendments include requirements to disclose information, including the auditor name and location, the percentage of shares of the issuer owned by governmental entities, whether governmental entities in the applicable foreign jurisdiction with respect to the auditor has a controlling financial interest with respect to the issuer, the name of each official of the Chinese Communist Party who is a member of the board of the issuer, and whether the articles of incorporation of the issuer contains any charter of the Chinese Communist Party. The Final Amendments also establish procedures the SEC will follow in identifying issuers and prohibiting trading by certain issuers under the HFCAA.

On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our auditor is subject to the determinations that the PCAOB is unable to inspect or investigate completely. The HFCAA or other efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected.

In March 2022, the SEC issued its first “Conclusive list of issuers identified under the HFCAA” indicating that those companies are now formally subject to the delisting provisions if they remain on the list for three consecutive years. We anticipate being added to the list shortly after the filing of this annual report. Additionally, whether the PCAOB will be able to conduct inspections of our auditor before the issuance of our financial statements on Form 20-F for the year ended December 31, 2023, which is due by April 30, 2024, or at all, is subject to substantial uncertainty and depends on factors out of our and our auditor’s control. If our auditor is unable to be inspected in time, we could be delisted from the NASDAQ and our ADSs will not be permitted for trading “over-the-counter” either. Such a delisting would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a delisting would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects. If our ADSs are delisted from the U.S. Exchange and are prohibited from trading in the over-the-counter market in the U.S. there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the U.S.

The potential enactment of the Accelerating Holding Foreign Companies Accountable Act would decrease the number of non-inspection years from three years to two, thus reducing the time period before our ADSs may be prohibited from over-the-counter trading or delisted. If this bill were enacted, our ADS could be delisted from the exchange and prohibited from over-the-counter trading in the U.S. in 2023.

On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, or the AHFCA Act, which, if enacted into law, would amend the HFCAA and require the SEC to prohibit an issuer’s securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years, instead of three consecutive years as currently enacted in the HFCAA.

On February 4, 2022, the U.S. House of Representatives passed the America Competes Act of 2022 which includes the exact same amendments as the bill passed by the Senate. The America Competes Act however includes a broader range of legislation not related to the HFCAA in response to the U.S. Innovation and Competition Act passed by the Senate in 2021. The U.S. House of Representatives and U.S. Senate will need to agree on amendments to these respective bills to align the legislation and pass their amended bills before the President can sign into law. It is unclear when the U.S. Senate and U.S. House of Representatives will resolve the differences in the U.S. Innovation and Competition Act and the America Competes Act of 2022 bills currently passed, or when the U.S. President will sign on the bill to make the amendment into law, or at all.

In the case that the bill becomes the law, it will reduce the time period before our ADSs could be delisted from the exchange and prohibited from over-the-counter trading in the U.S. from 2024 to 2023.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application through our office automation system and the application will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our VIE. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

Regulation and censorship of information disseminated over the Internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our platform.

The PRC government has adopted regulations governing Internet access and the distribution of news and other information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide Internet content and other licenses, and the closure of the concerned websites. The website operator may also be held liable for such censored information displayed on or linked to the websites. If our platform is found to be in violation of any such requirements, we may be penalized by relevant authorities, and our operations or reputation could be adversely affected.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and, other than external financing, we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and for services of any debt we may incur. Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries, our VIE and its subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each of our PRC subsidiaries is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at its discretion. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

In response to the persistent capital outflow and the RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China, or the PBOC, and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the PBOC issued the Circular on Further Clarification of Relevant Matters Relating to Offshore RMB Loans Provided by Domestic Enterprises, or PBOC Circular 306, on November 26, 2016, which provides that offshore RMB loans provided by a domestic enterprise to offshore enterprises with which it has an equity relationship shall not exceed 30% of the domestic enterprise's most recent audited owner's equity. PBOC Circular 306 may constrain our PRC subsidiaries' ability to provide offshore loans to us. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subjected to tighter scrutiny in the future. In addition, under the Enterprise Income Tax Law of the PRC and related regulations, dividends, interests, rent or royalties paid by a foreign-invested enterprise, such as our PRC subsidiaries, to any of its foreign non-resident non-PRC enterprise investors, and net proceeds from any such foreign enterprise investor's disposition of shares of the PRC subsidiary, are subject to a 10% withholding tax, unless the foreign enterprise investor qualifies for the benefits of a tax treaty with China that provides for a reduced rate of withholding tax.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our initial public offering to make loans to our PRC subsidiary and our VIE, or to make additional capital contributions to our PRC subsidiary.

In utilizing the proceeds of our initial public offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, through loans or capital contributions. However, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, and registration with other governmental authorities in China.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or Circular 19, effective on June 1, 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, or Circular 59, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses, or Circular 45. According to Circular 19, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for the issuance of Renminbi entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although Circular 19 allows Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and Circular 16 could result in administrative penalties. Circular 19 and Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from our initial public offering and follow-on public offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to our VIE and its subsidiaries, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of our VIE and its subsidiaries by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by our VIE and its subsidiaries.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or our VIE or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or our VIE and its subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the proceeds we received from our initial public offering, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. Moreover, there remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in greater fluctuation of the Renminbi against the U.S. dollar. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Foreign exchange controls may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes foreign exchange controls on the convertibility of the Renminbi, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily 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, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval or registration to use cash generated from the operations of our PRC subsidiaries and VIE to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. 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 and holders of the ADSs.

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 Rules on Mergers and Acquisitions of Domestic Enterprises 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 could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the anti-monopoly law enforcement agency 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 of the PRC requires that the anti-monopoly law enforcement agency be notified in advance of any transaction where the parties' turnover in the China market and/or global market exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the target as a result of the business combination. As further clarified by the Provisions of the State Council on the Threshold of Filings for Undertaking Concentrations issued by the State Council in 2008 and amended in September 2018, such thresholds include: (i) the total global turnover of all operators participating in the transaction exceeds RMB10 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the transaction exceeded RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year. There are numerous factors the anti-monopoly law enforcement agency considers in determining "control" or "decisive influence," and, depending on certain criteria, the anti-monopoly law enforcement agency may conduct anti-monopoly review of transactions in respect of which it was notified. In light of the uncertainties relating to the interpretation, implementation and enforcement of the Anti-Monopoly Law of the PRC, we cannot assure you that the anti-monopoly law enforcement agency will not deem our past and future acquisitions or investments to have triggered filing requirement for anti-trust review. If we are found to have violated the Anti-Monopoly Law of the PRC for failing to file the notification of concentration and request for review, we could be subject to a fine of up to RMB500,000, and the parts of the transaction causing the prohibited concentration could be ordered to be unwound, which may materially and adversely affect our business, financial condition and results of operations.

In addition, the Circular of the General Office of the State Council on the Establishment of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors that became effective in March 2011, and the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the Ministry of Commerce 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 Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce 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.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE promulgated the Circular on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, in July 2014. SAFE Circular 37 requires PRC residents or entities to register with SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents or entities' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. According to the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment released in February 2015 by SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 2015. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Foreign Exchange and Offshore Investment."

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE, the National Development and Reform Commission, or the NDRC, or MOC branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In addition, our shareholders may be required to suspend or stop the investment and complete the registration within a specified time, and may be warned or prosecuted for criminal liability if a crime is constituted. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We have notified all PRC residents or entities who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents or entities to complete the foreign exchange registrations or outbound investment filings. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration or outbound investment filings requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by SAFE, NDRC or MOC regulations. Failure by such shareholders or beneficial owners to comply with SAFE, NDRC or MOC regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, as these foreign exchange and outbound investment regulations are still relatively new and their interpretation and implementation has been constantly evolving, 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 government authorities. 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 financial condition and results of operations. 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.

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

Pursuant to SAFE 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. In the meantime, directors, executive officers and other employees who are PRC citizens or who are non-PRC residents residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, and who have been granted share-based awards, may follow the Circular of the SAFE on Issues Concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plan of Overseas Listed Companies, promulgated by SAFE in 2012. Pursuant to the circular, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our directors, our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted share-based awards are subject to these regulations. Failure to complete the SAFE registrations may subject us to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Foreign Exchange and Offshore Investment."

The State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Foreign Exchange and Offshore Investment.”

The enforcement of the PRC Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and results of operations.

The Standing Committee of the National People’s Congress enacted the Labor Contract Law in 2008, and amended it on December 28, 2012. The Labor Contract Law introduced specific provisions related to fixed-term employment contracts, part-time employment, probationary periods, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining to enhance previous PRC labor laws. Under the Labor Contract Law, an employer is obligated to sign a non-fixed-term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract, with certain exceptions, must have an unlimited term. With certain exceptions, an employer must pay severance to an employee where a labor contract is terminated or expires. In addition, the PRC governmental authorities have continued to introduce various new labor-related regulations since the effectiveness of the Labor Contract Law.

Under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds and employers are required, together with their employees or separately, to pay the social insurance premiums and housing funds for their employees. If we fail to make adequate social insurance and housing fund contributions, we may be subject to fines and legal sanctions, and our business, financial conditions and results of operations may be adversely affected.

These laws designed to enhance labor protection tend to increase our labor costs. In addition, as the interpretation and implementation of these regulations are still evolving, our employment practices may not be at all times be deemed in compliance with the regulations. As a result, we could be subject to penalties or incur significant liabilities in connection with labor disputes or investigations.

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 non-PRC shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.

Under the Enterprise Income Tax Law of the PRC 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 PRC 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, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as SAT 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 State Administration of Taxation’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 SAT 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 a majority 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 our company or any of our subsidiaries outside of China is a PRC resident enterprise for enterprise income tax purposes, we may be subject to PRC enterprise income on our worldwide income at the rate of 25%, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs, if such income is treated as sourced from within the PRC. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us), if such income is deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to obtain 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 the ADSs or ordinary shares.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the State Administration of Taxation issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Circular 7. SAT Circular 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Circular 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity securities through a public securities market. SAT Circular 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the State Administration of Taxation issued the Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax at Source, or SAT Circular 37, which came into effect on December 1, 2017. SAT Circular 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

Where a nonresident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is known as an indirect transfer, the nonresident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. 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 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 as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Circular 7 or SAT Circular 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Circular 7 or SAT Circular 37. As a result, we may be required to expend valuable resources to comply with SAT Circular 7 or 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 should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

Proceedings instituted by the SEC against “big four” PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC instituted administrative proceedings against the “big four” PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC’s rules and regulations thereunder by failing to provide to the SEC the firms’ audit work papers with respect to certain PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the administrative law judge presiding over the matter rendered an initial decision that each of the firms had violated the SEC’s rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms’ audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. While we cannot predict if the SEC will further challenge the four China-based accounting firms’ compliance with U.S. law in connection with U.S. regulatory requests for audit work papers or if the results of such a challenge would result in the SEC imposing penalties such as suspensions, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with the SEC requirements could ultimately lead to the delisting of our ADSs from the Nasdaq or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

Risks Related to the ADSs

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The daily closing trading prices of our ADSs ranged from US\$1.05 to US\$5.85 per ADS in 2021. The trading price of the ADSs is likely to be volatile and could fluctuate widely due to multiple factors, some of which are beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors, including the following:

- variations in our revenues, operating costs and expenses, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products and services by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our shareholders, affiliates, directors, officers or employees, our content offerings, our business model, our services or our industry;
- announcements of new regulations, rules or policies relevant for our business;
- additions or departures of key personnel;
- allegations of a lack of effective internal control over financial reporting, inadequate corporate governance policies, or allegations of fraud, among other things, involving China-based issuers;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were to be involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

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

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs representing our Class A ordinary shares sold in our initial public offering are freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. As of March 31, 2022, we had 36,293,870 ADSs (representing 907,346,745 Class A ordinary shares) issued and 35,748,264 ADSs (representing 893,706,595 Class A ordinary shares) outstanding. In addition, ordinary shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. Any or all of these ordinary shares may be released prior to the expiration of the applicable lock-up period at the discretion of the designated representatives. To the extent ordinary shares are released before the expiration of the applicable lock-up period and sold into the market, the market price of the ADSs could decline. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

Techniques employed by short sellers may drive down the market price of the ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in the purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions and allegations regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality.

You may be subject to limitations on the transfer of the ADSs.

The ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depository may close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Because we do not expect to pay cash dividends in the foreseeable future, you must rely on a price appreciation of the ADSs for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

Our third amended and restated memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

Our third amended and restated memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs representing our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands, or the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than copies of the memorandum and articles of association and the register of mortgages and charges, and any special resolutions passed by these companies) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of your Class A ordinary shares underlying the ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the Class A ordinary shares underlying the ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as holder of the Class A ordinary shares underlying the ADSs. If we ask for your instructions, then upon receipt of your voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with these instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying Class A ordinary shares unless you withdraw the shares underlying your ADSs and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the shares underlying the ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our third amended and restated articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying the ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, upon our instruction, the depositary will notify you of the upcoming vote and to deliver our voting materials to you. Under our third amended and restated memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is fifteen (15) days. We cannot assure you that you will receive the voting material in time to ensure you can direct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying the ADSs are voted and you may have no legal remedy if the shares underlying the ADSs are not voted as you requested.

Certain of our existing shareholders have substantial influence over our company, and their interests may not be aligned with the interests of our other stockholders.

Dagang Feng, our chief executive officer and the co-chairman of our board of directors, holds approximately 78.9% voting power as of the date of this annual report, including his sole voting power and the shared voting power resulting from an acting-in-concert agreement entered into in September 2019. For more information, see “Item 6. Directors, Senior Management and Employees—F. Share Ownership.” Accordingly, Mr. Feng will have the ability to control the outcome of matters submitted to our shareholders for approval, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This concentration of ownership may also have the effect of discouraging, delaying or preventing a future change of control, which could deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. The voting control of Mr. Feng will limit the ability of other shareholders to influence corporate activities and, as a result, we may take actions that shareholders other than Mr. Feng do not view as beneficial. As a shareholder, even a controlling shareholder, Mr. Feng is entitled to exercise his voting power in his own interests, which may not be the same as, or may conflict with, the interests of our other shareholders. Furthermore, because Mr. Feng controls a majority of our voting stock, he may pursue corporate opportunities independent of us.

Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We have adopted a dual-class share structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to 25 votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

As of the date of this annual report, Palopo Holding Limited, an entity wholly owned by Dagang Feng, and 36Kr Heros Holding Limited, an entity wholly owned by Chengcheng Liu, beneficially own all of our issued and outstanding Class B ordinary shares. These Class B ordinary shares constituted approximately 9.5% of our total issued and outstanding share capital and 72.3% of the aggregate voting power of our total issued and outstanding share capital.

As a result of this dual-class share structure, the holders of our Class B ordinary shares will have concentrated control over the outcome of matters put to a vote of shareholders and have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. The holders of Class B ordinary shares may take actions that are not in the best interest of us or our other shareholders or holders of the ADSs. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial. In addition, future issuances of Class B ordinary shares may be dilutive to the holders of Class A ordinary shares. As a result, the market price of our Class A ordinary shares could be adversely affected. Furthermore, the conversion of Class B ordinary shares to Class A ordinary shares over time, while increasing the absolute voting power of holders of our Class A ordinary shares, may have the effect of increasing the relative voting power of the holders of Class B ordinary shares who retain their shares in the long term. As a result, the relative voting power of holders of Class A ordinary share may remain limited for a significant period of time.

We are a “controlled company” within the meaning of the Nasdaq Stock Market Rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a “controlled company” as defined under the Nasdaq Stock Market Rules since Dagang Feng controls a majority of our total voting power as of the date of this annual report. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules, such as the requirement that a majority of our board of directors must be independent directors, and the requirement that our board of directors have a compensation committee and nominating and corporate governance committee composed entirely of independent directors.

As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

The difference in the voting rights of our Class A ordinary share and Class B ordinary share may harm the value and liquidity of our Class A ordinary share.

The difference in the voting rights of our Class A ordinary share and Class B ordinary share could harm the value of our Class A ordinary share to the extent that any investor or potential future purchaser of our Class A ordinary share ascribes value to the right of holders of our Class B ordinary share to 25 votes per share. The existence of our dual-class share structure could also result in less liquidity for our Class A ordinary share than if there were only one class of our ordinary share.

Our dual-class share structure may depress the trading price of our Class A ordinary share.

Our dual-class share structure may result in a lower or more volatile market price of our Class A ordinary share or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. S&P Dow Jones and FTSE Russell have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500. These changes exclude companies with multiple classes of shares from being added to these indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple-class structures. As a result, our dual-class share structure may prevent the inclusion of our Class A ordinary share in these indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A ordinary share. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A ordinary share.

You may experience dilution of your holdings due to the inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depository will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depository may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

As a Cayman Islands company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, the Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We have followed and intend to continue to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq that listed companies must have: (i) a majority of independent directors; (ii) the establishment of a nominating/corporate governance committee composed entirely of independent directors; and (iii) a compensation committee composed entirely of independent directors. As a result of our reliance on the “foreign private issuer” or the “controlled company” exemptions, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under Regulation FD governing selective disclosure rules of material nonpublic information.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We incur significant costs as a result of being a public company, particularly after we cease to qualify as an “emerging growth company.”

As a public company, we incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq, impose various requirements on the corporate governance practices of public companies. As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also permits an emerging growth company to delay adopting new or revised accounting standards until such time as those standards apply to private companies. After we are no longer an “emerging growth company”, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC.

We expect the rules and regulations applicable to public companies to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. For example, as a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company makes it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we incur additional costs associated with our public company reporting requirements. It is also more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Although we believe we were not a passive foreign investment company (“PFIC”) for 2021, due to the substantial fluctuations of our ADSs’ trading prices there is a significant risk that we will be a PFIC for 2022 or future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. investors in the ADSs or Class A ordinary shares.

In general, a non-U.S. corporation is a passive foreign investment company, or PFIC, for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes) at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is generally a passive asset for these purposes. Goodwill is an active asset to the extent attributable to activities that produce active income.

Based on the composition of our income and assets and the estimated value of our assets, including goodwill, which is based on the average price of our ADSs during 2021, we believe that we were not a PFIC for the taxable year of 2021. However, we hold a substantial amount of cash (relative to the assets shown on our balance sheet) and while that continues to be the case, our PFIC status for any taxable year may depend on the average value of our goodwill. The value of our goodwill may be determined, in large part, by reference to our market capitalization. Because our market capitalization has been volatile and declined substantially in recent months, if the value of our goodwill is determined by reference to our market capitalization, our goodwill and other active assets for 2022 or future taxable years may constitute less than 50% of our total assets. Accordingly, due to our declining market capitalization there is a significant risk that we will be a PFIC for our taxable year of 2022 and possibly future taxable years. Moreover, the extent to which our goodwill should be treated as an active asset is not entirely clear. In addition, we provide financing to customers as part of our advertisement agent services and although our income from this business segment is small, if in the future the proportionate share of this income will grow, our risk of becoming a PFIC will increase. Furthermore, it is not entirely clear how the contractual arrangements between us and our VIE will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIE is not treated as owned by us. Our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year and will depend on the composition of our income and assets and the value of our assets from time to time. For these reasons there is a significant risk that we may be a PFIC for 2022 or future taxable years.

If we are a PFIC for any taxable year during which a U.S. investor holds ADSs or Class A ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. investor. This will generally continue to be the case even if we cease to be a PFIC in a later taxable year, unless certain elections are made. See “Item 10. Additional Information—10.E. Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

Our Corporate History

Our 36Kr.com website was launched in December 2010, offering New Economy-focused content. In July 2011, Xieli Zhucheng was incorporated in the PRC. In December 2016, Xieli Zhucheng incorporated a wholly-owned subsidiary in the PRC, Beijing Sanshiliuke Culture Media Co., Ltd., or Beijing Sanshiliuke, to host all its businesses of New Economy-focused content and business services. In May 2017, Beijing Sanshiliuke changed its name to Beijing Pinxin Media Culture Co., Ltd., which then changed its name to Beijing Duoke Information Technology Co., Ltd. in March 2019.

We incorporated 36Kr Holdings Inc. in the Cayman Islands on December 3, 2018. On December 4, 2018, the BVI Subsidiary was incorporated under the laws of the British Virgin Islands as 36Kr Holdings Inc.’s wholly-owned subsidiary. On December 20, 2018, the HK Subsidiary was incorporated as the BVI Subsidiary’s wholly-owned subsidiary in Hong Kong. On February 25, 2019, 36Kr Global Holding (HK) Limited, or the 36Kr Global Holding, was incorporated as the HK Subsidiary’s wholly-owned subsidiary in Hong Kong. On May 21, 2019, Tianjin Duoke was incorporated as the HK Subsidiary’s wholly-owned subsidiary in the PRC. On June 25, 2019, Beijing Dake was incorporated as Tianjin Duoke’s wholly-owned subsidiary in the PRC. In September 2019, Lotus Walk Inc. subscribed 51% of the equity interest in 36Kr Global, to jointly explore business opportunities in overseas markets with us. Since then, 36Kr Global Holding became an associate of the Group.

In September 2019, we entered into a series of contractual arrangements through Beijing Dake and Beijing Duoke (our VIE) and its shareholders in order to control our VIE. The VIE conducts substantially all of our operations in China. Our contractual arrangements with our VIE and its shareholders have enabled us to (i) exercise effective control over our VIE, (ii) receive substantially all of the economic benefits and bear the obligation to absorb substantially all of the losses of our VIE, and (iii) have an exclusive option to purchase all or part of the equity interests in our VIE when and to the extent permitted by PRC laws. For more details, including risks associated with the VIE structure, please see “—4.C. Organizational Structure—Contractual Arrangements with Beijing Duoke,” and “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure.”

In November 2019, we completed an initial public offering in which we offered and sold an aggregate of 34,500,000 Class A ordinary shares in the form of ADSs. On November 8, 2019, the ADSs began trading on the Nasdaq Global Market, under the symbol “KRKR”.

In March 2022, we acquired 7.273% equity interest in Hangzhou Jialin Information Technology Co., Ltd. (“Hangzhou Jialin”), as one of the investors in its round B financing. Hangzhou Jialin is a fresh produce supply chain solution provider in China. In connection with the transaction, the Company has transferred its 100% equity interest in Beijing Dianqier Creative Interactive Media Culture Co., Ltd. (“Dianqier”), a subsidiary of the Company which primarily provides interactive marketing dispense services, as consideration for the 7.273% equity interest in Hangzhou Jialin.

Our corporate headquarters is located at 5-6/F, Tower A1, Junhao Central Park Plaza, No. 10 South Chaoyang Park Avenue, Chaoyang District, Beijing, People’s Republic of China. Our telephone number at this address is + 86 10-5825-4106. Our registered office in the Cayman Islands is located at Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc. located at 10 East 40th Street, 10th Floor, New York, NY 10016. Our principal website is www.36kr.com. The information contained on our website is not a part of this annual report.

The SEC maintains an internet site at www.sec.gov that contains reports, information statements, and other information regarding issuers that file electronically with the SEC.

Recent Regulatory Development

Revised Cybersecurity Measures

On January 4, 2022, the CAC published the Revised Cybersecurity Review Measures, which became effective on February 15, 2022 and repealed the Cybersecurity Review Measures promulgated on April 13, 2020. The Revised Cybersecurity Review Measures provide that a critical information infrastructure purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, shall apply for cybersecurity review and that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review.

Under the Revised Cybersecurity Review Measures, we face potential risks if we are deemed as a "critical information infrastructure operator" or "platform operator" under the PRC cybersecurity laws and regulations, and would be required to follow cybersecurity review procedures. During such review, we may be required to suspend providing any existing or new services to our customers and/or experience other disruptions of our operations, and such review could also result in negative publicity with respect to our Company and diversion of our managerial and financial resources. If the CSRC, CAC or other regulatory agencies later require that we obtain their approvals for our future offshore offerings, we may be unable to obtain such approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations affecting our operations could limit our ability to attract new customers and/or users and cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

As of the date of this annual report, we have not been involved in any investigations or become subject to a cybersecurity review initiated by the CAC based on the Cybersecurity Review Measures, and we have not received any inquiry, notice, warning, sanctions in such respect or any regulatory objections to our listing status from the CAC.

Potential CSRC Approval Required for the Listing of our ADSs

On July 6, 2021, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities. These opinions call for strengthened regulation over illegal securities activities and supervision on overseas listings by China-based companies and propose to take effective measures, such as promoting the development of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. As of the date of this annual report, no official guidance and related implementation rules have been issued in relation to these recently issued opinions and the interpretation and implementation of these opinions remain unclear at this stage. We cannot assure you that we will not be required to obtain the approval of the CSRC or of potentially other regulatory authorities to maintain the listing status of our ADSs on the NASDAQ or to conduct offerings of securities in the future. We have been closely monitoring regulatory developments in China regarding any necessary approvals from the CSRC, the CAC, or other PRC regulatory authorities required for overseas listings. As of the date of this annual report, we have not received any inquiry, notice, warning, sanctions or regulatory objection from the CSRC.

Contractual Arrangements and Corporate Structure

We are a Cayman Islands company and currently conduct substantially all of our business operations in the PRC through Beijing Duke, our subsidiary incorporated in the PRC, and the VIE. Beijing Duke controls Beijing Duoke, our VIE in the PRC, through a series of contractual arrangements. We conduct a significant portion of our businesses in China through Beijing Duoke. It is the VIE that holds our key operating licenses, provides services to our customers, and enters into contracts with our suppliers. We operate our businesses this way because PRC laws and regulations restrict foreign investment in companies that engage in value-added telecommunication services. These contractual arrangements entered into with the VIE allow us to (i) exercise effective control over the VIE, (ii) receive substantially all of the economic benefits of the VIE, and (iii) have an exclusive option to purchase all or part of the equity interests in the VIE when and to the extent permitted by PRC law. These contractual arrangements include the exclusive purchase option agreement, powers of attorney, equity pledge agreement, and exclusive business cooperation agreement. As a result of these contractual arrangements, we exert effective control over, and are considered the primary beneficiary of, the VIE and consolidate its operating results in our financial statements under U.S. GAAP.

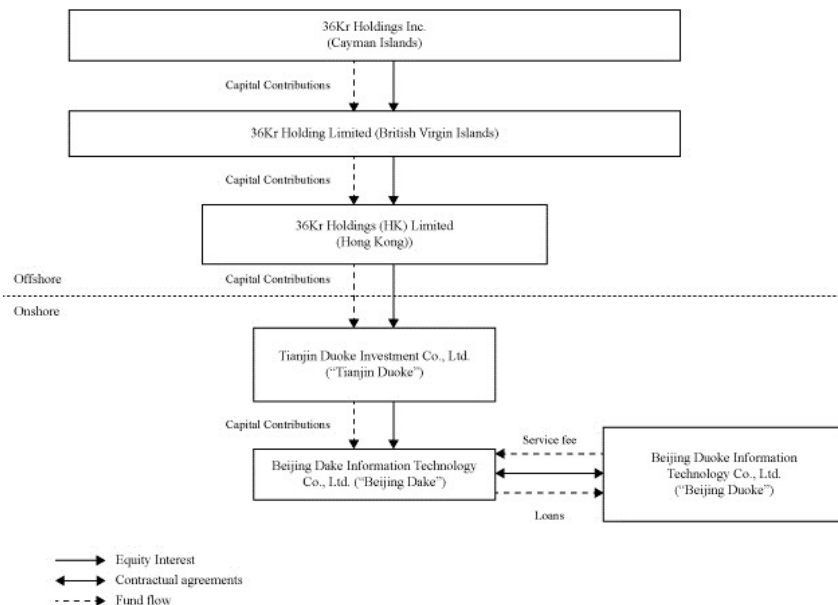
We do not have any equity interests in the VIE who is owned by certain nominee shareholders. As a result, control through these contractual arrangements may be less effective than direct ownership, and we could face heightened risks and costs in enforcing these contractual arrangements, because there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the legality and enforceability of these contractual arrangements. If the PRC government finds such agreements to be illegal, we could be subject to severe penalties or be forced to relinquish our interests in the VIE.

Material Licenses and Permits

Our PRC subsidiaries and the VIE have obtained all material licenses and approvals required for our operations in China, except as disclosed in “Item 3. Key Information-3.D. Risk Factors- Risk Related to Our Business and Industry- Lack of Internet news information license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition”, “Item 3. Key Information-3.D. Risk Factors- Risk Related to Our Business and Industry- Lack of Internet audio-visual program transmission license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.” and “Item 3. Key Information-3.D. Risk Factors- Risk Related to Our Business and Industry- Lack of Internet publishing license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.” If we or VIE is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits, approvals or filings, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. We may be deemed to provide certain services or conduct certain activities and thus be subject to certain licenses, approvals, permits, registrations and filings due to the lack of official interpretations of certain terms under internet related PRC regulations and laws. Failures to obtain or update such license may subject us to fines and other regulatory, civil or criminal liabilities, and we may be ordered by the competent government authorities to suspend relevant operations, which will materially and adversely affect our business operation. In addition, there can be no assurance that we will be able to maintain our existing licenses, approvals, registrations, permits or filings necessary to provide our current online services in China, renew any of them when their current term expires, or update existing licenses or obtain additional licenses, approvals, permits, registrations or filings necessary for our business expansion from time to time. If we fail to do so, our business, financial condition and operational results may be materially and adversely affected. For risks relating to licenses and approvals required for our operations in China, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry.”

Transfer of Funds and Other Assets

The following diagram summarizes how funds were transferred among 36Kr Holdings Inc., our subsidiaries, and the VIE in 2019, 2020 and 2021.



Note: (1) Under relevant PRC laws and regulations, we are permitted to remit funds to our VIE through loans rather than capital contributions. In 2019, 2020 and 2021, the loan paid by the PRC subsidiaries to the VIE amounted to RMB87.2 million, RMB35.9 million and RMB25.0 million respectively.

As of December 31, 2021, 36Kr Holdings Inc. had made cumulative capital contributions of US\$41.0 million to subsidiaries of the parent company (the “Parent”), which were accounted for as long-term investments of 36Kr Holdings Inc, including US\$6.0 million injected through intermediate holding company into 36Kr Global Holding, an associate of the group, and US\$35.0 million to the PRC subsidiaries. As of December 31, 2021, the loan balance owed under the VIE agreements was RMB40.0 million (US\$6.3 million). In 2019, 2020 and 2021, the VIE transferred nil, nil and nil (US\$ nil), respectively, to our PRC subsidiaries as payment or prepayment of service fees. Beijing Duke, our PRC subsidiary, provided the VIE with technical support, consulting services and other services related to the VIE’s business, including business management, daily operations, strategic planning, among others.

As of December 31, 2019, 2020 and 2021, the outstanding balance of service fees owed by the VIE to our PRC subsidiaries amounted to RMB17.3 million, RMB50.7 million and RMB76.0 million (US\$11.9 million). There were no other assets transferred between VIE and non-VIEs in 2019, 2020 and 2021.

For any amounts owed by the VIE to our PRC subsidiaries under the VIE agreements, unless otherwise required by PRC tax authorities, we are able to settle such amounts without limitations under the current effective PRC laws and regulations, provided that the VIE has sufficient funds to do so. 36Kr Holdings Inc. has not previously declared or paid any cash dividend or dividend in kind, and has no plan to declare or pay any dividends in the near future on our shares or the ADSs representing our ordinary shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See “Item 8.—Financial Information—8.A. Consolidated Statements and Other Financial Information—Dividend Policy.”

For the purpose of illustration, the below table reflects the hypothetical taxes that might be required to be paid within China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay a dividend in the future:

	Taxation Scenario ⁽¹⁾
	Statutory Tax and Standard Rates
Hypothetical pre-tax earnings ⁽²⁾	100%
Tax on earnings at statutory rate of 25%	-25%
Net earnings available for distribution	75%
Withholding tax at standard rate of 10% ⁽³⁾	-7.5%
Net distribution to Parent/Shareholders	67.5%

Notes:

(1) The tax calculation has been simplified for the purpose of this example. The hypothetical book pre-tax earnings amount, which does not consider temporary differences, is assumed to equal the taxable income in the PRC.

(2) Under the terms of the VIE agreements, sales service fees are charged by our PRC subsidiaries to the VIE. For all the periods presented, these fees are recognized as cost of revenues of the VIE, with a corresponding amount as service income by our PRC subsidiaries and eliminated in consolidation. For income tax purposes, our PRC subsidiaries and VIE file income taxes on a separate company basis. The fees paid are recognized as a tax deduction by the VIE and as income by our PRC subsidiaries and are tax neutral.

Upon the instance that the VIE reaches a cumulative level of profitability, because our PRC subsidiaries occupy certain copyrights, the agreements will be updated to reflect charges for such copyrights usage on the basis that they will quantify for tax neutral treatment.

(3) China's Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a Foreign Invested Enterprises ("FIE") to its immediate holding company outside of China. A lower withholding income tax rate of 5% is applied if the FIE's immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with China, subject to a qualification review at the time of the distribution. For the purpose of this hypothetical example, this table has been prepared based on a taxation scenario under which the full withholding tax would be applied.

The table above has been prepared under the assumption that all profits of the VIE will be distributed as fees to our PRC subsidiaries under tax neutral contractual arrangements. If in the future, the accumulated earnings of the VIE exceed the fees paid to our PRC subsidiaries, or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by Chinese tax authorities, we have other tax-planning strategies that can be deployed on a tax neutral basis.

Should all tax planning strategies fail, the VIE could, as a matter of last resort, make a non-deductible transfer to our PRC subsidiaries for the amounts of the stranded cash in the VIE. This would result in the double taxation of earnings: one at the VIE level (for non-deductible expenses) and one at the PRC subsidiary level (for presumptive earnings on the transfer). Such a transfer and the related tax burdens would reduce our after-tax income to approximately 50.6% of the pre-tax income. Our management is of the view that the likelihood that this scenario would happen is remote.

Condensed Consolidating Schedule

The following tables present the summary statements of operations for our Company's VIE and other entities for the periods presented.

Condensed Consolidating Schedule of Results of Operations	For the year ended December 31,																	
	2019						2020						2021					
	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals
Inter-company revenues (Note 1)	—	—	16,799	—	(16,799)	—	—	—	31,535	—	(31,535)	—	—	962	23,820	25	(24,807)	—
Third-party revenues (Note 2)	—	365	—	655,241	—	655,606	—	—	—	386,861	(97)	386,764	—	180	—	316,632	(33)	316,779
Cost of revenues (Note 1)	—	(390)	(4,130)	(392,569)	16,799	(380,290)	—	—	(10,135)	(282,772)	31,535	(261,372)	—	(724)	(5,273)	(147,654)	24,807	(128,844)
Gross profit	—	(25)	12,669	262,672	—	275,316	—	—	21,400	104,089	(97)	125,392	—	418	18,547	169,003	(33)	187,935
Operating expenses	(2,435)	(2,517)	(33,364)	(259,867)	—	(298,183)	(9,494)	(26)	(99,027)	(284,163)	—	(392,710)	(9,551)	(18,768)	(63,473)	(190,249)	—	(282,041)
Income/(loss) from operations	(2,435)	(2,542)	(20,695)	2,805	—	(22,867)	(9,494)	(26)	(77,627)	(180,074)	(97)	(267,318)	(9,551)	(18,350)	(44,926)	(21,246)	(33)	(94,106)
Other income/(expenses):																		
Share of loss from subsidiaries and VIE (Note 3)	(23,797)	(24,950)	(4,902)	—	53,649	—	(272,297)	(248,592)	(171,340)	—	692,229	—	(80,559)	(56,676)	(12,923)	—	150,158	—
Share of loss from equity method investments (Note 2)	—	—	—	—	—	—	—	(23,599)	—	—	97	(23,502)	—	(5,532)	—	26	33	(5,473)
Short-term investments income	—	—	878	3,237	—	4,115	—	—	443	1,416	—	1,859	—	2	715	1,768	—	2,485
Others, net	477	3,695	(10)	8,572	—	12,734	1,560	(80)	(118)	12,021	—	13,383	539	(3)	449	5,602	—	6,587
Income/(Loss) before income tax	(25,755)	(23,797)	(24,729)	14,614	53,649	(6,018)	(280,231)	(272,297)	(248,642)	(166,637)	692,229	(275,578)	(89,571)	(80,559)	(56,685)	(13,850)	150,158	(90,507)
Income tax (expenses)/credit	—	—	(221)	(19,672)	—	(19,893)	—	—	50	(3,814)	—	(3,764)	—	—	9	(111)	—	(102)
Net income/(loss)	(25,755)	(23,797)	(24,950)	(5,058)	53,649	(25,911)	(280,231)	(272,297)	(248,592)	(170,451)	692,229	(279,342)	(89,571)	(80,559)	(56,676)	(13,961)	150,158	(90,609)

Note 1: The eliminations are mainly related to inter-company services fee charged among subsidiaries of the Parent, the Primary Beneficiary of VIE and the VIE.

Note 2: The eliminations are mainly related to unrealised gains attributable to transactions between the VIE and an associate of the subsidiaries of the Parent.

Note 3: It represents the eliminations of the investment loss picked up from subsidiaries of the Parent, the Primary Beneficiary of VIE and the VIE and its subsidiaries.

	For the year ended December 31,											
	2020						2021					
	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals
Condensed Consolidating Schedule of Financial Position												
Cash and cash equivalents	48,510	706	136	11,494	—	60,846	31,833	2,416	20,669	42,047	—	96,965
Short-term investments	—	—	26,067	122,277	—	148,344	—	101	20,022	99,017	—	119,140
Accounts receivable, net	—	—	—	304,845	—	304,845	—	175	—	179,986	—	180,161
Amount due from inter-company entities (Note 4)	—	—	199,412	16,106	(215,518)	—	468	1,020	147,941	16,137	(165,566)	—
Investments in subsidiaries and VIE (Note 5)	351,816	336,008	123,839	—	(811,663)	—	285,624	287,974	110,976	—	(684,574)	—
Long-term investments, net	—	16,300	—	—	—	16,300	—	10,466	—	30,976	—	41,442
Operating lease right-of-use assets, net	—	—	—	27,365	—	27,365	—	—	—	13,818	—	13,818
Other assets	210	(20)	1,576	19,063	—	20,829	190	6	116	49,897	—	50,209
Total assets	400,536	352,994	351,030	501,150	(1,027,181)	578,529	318,115	302,158	299,724	431,878	(850,140)	501,735
Amount due to inter-company entities (Note 4)	14,762	1,231	133	199,392	(215,518)	—	14,463	7,635	137	143,331	(165,566)	—
Accounts payable	—	—	—	64,641	—	64,641	—	197	—	56,069	—	56,266
Short-term bank loan	—	—	—	—	—	—	—	—	—	5,000	—	5,000
Salary and welfare payables	—	—	12,831	32,749	—	45,580	361	8,646	9,150	37,631	—	55,788
Taxes payable	—	(53)	1,670	17,207	—	18,824	—	56	1,469	11,311	—	12,836
Deferred revenue	—	—	—	18,849	—	18,849	—	—	—	28,863	—	28,863
Operating lease liabilities	—	—	—	27,558	—	27,558	—	—	—	16,888	—	16,888
Amount due to related parties	—	—	—	548	—	548	—	—	—	1,328	—	1,328
Accrued liabilities and other payables	4,953	—	388	8,219	—	13,560	3,886	—	994	12,621	—	17,501
Total liabilities	19,715	1,178	15,022	369,163	(215,518)	189,560	18,710	16,534	11,750	313,042	(165,566)	194,470
Total shareholders' equity (Note 5)	380,821	351,816	336,008	131,987	(811,663)	388,969	299,405	285,624	287,974	118,836	(684,574)	307,265
Total liabilities and shareholders' equity	400,536	352,994	351,030	501,150	(1,027,181)	578,529	318,115	302,158	299,724	431,878	(850,140)	501,735

Note 4: Represents the eliminations of inter-company balances among the Parent, the subsidiaries of the Parent, the Primary Beneficiary of VIE and the VIE and its subsidiaries.

Note 5: Represents the eliminations of the investment in subsidiaries of the Parent, the Primary Beneficiary of VIE, the VIE and its subsidiaries by the Parent.

	For the year ended December 31,																	
	2019					2020					2021							
	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals	Parent	Subsidiaries of the Parent	Primary Beneficiary of VIE	VIE and its subsidiaries	Eliminating adjustments	Consolidated totals
Condensed Consolidating Schedules of Cash Flows																		
Net cash (used in) generated from operating activities (Note 6)	(1,604)	7,788	(31,866)	(133,255)	—	(158,937)	(3,298)	(714)	(70,386)	57,273	—	(17,125)	(9,857)	(4,438)	(57,671)	266,927	—	194,961
Cash flows from investing activities																		
Purchase of short-term investments	—	—	(366,000)	(451,450)	—	(817,450)	—	—	(109,381)	(504,571)	—	(613,952)	—	(100)	(88,000)	(571,110)	—	(659,210)
Proceeds from maturities of short-term investments	—	—	321,187	557,189	—	878,376	—	—	128,507	423,937	—	552,444	—	—	94,157	594,927	—	689,084
Investment in subsidiaries (Note 7)	(210,769)	(170,306)	—	—	381,075	—	(77,536)	(75,853)	—	—	153,389	—	—	—	—	(30,950)	—	(30,950)
Investment in long-term investments	—	(42,417)	—	—	—	(42,417)	—	—	—	—	—	—	—	—	—	—	—	(30,950)
Loan paid to inter-company entities (Note 7)	—	—	(87,170)	—	87,170	—	—	—	(38,910)	(150)	39,060	—	—	—	(31,033)	(5,000)	36,033	—
Loan collected from inter-company entities (Note 7)	—	—	—	—	—	—	—	—	8,000	—	(8,000)	—	—	—	103,080	5,000	(108,080)	—
Cash received from customer in relation to advertisement agent services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	26,295	—	26,295
Cash paid on behalf of the customer in relation to advertisement agent services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(179,036)	—	(179,036)
Others	—	(1,190)	—	(7,434)	—	(8,624)	—	—	(4)	(2,777)	—	(2,781)	—	—	(4,180)	—	(4,180)	
Net cash (used in) generated from investing activities	(210,769)	(213,913)	(131,983)	98,305	468,245	9,885	(77,536)	(75,853)	(11,788)	(83,561)	184,449	(64,289)	—	(100)	78,204	(164,054)	(72,047)	(157,997)
Cash flows from financing activities																		
Proceeds from initial public offering, net of issuance costs	115,139	—	—	(6,094)	—	109,045	(15,617)	—	—	(6,000)	—	(21,617)	—	—	—	—	—	—
Proceeds from issuance of Series D preferred shares, net of issuance cost	169,750	—	—	—	—	169,750	—	—	—	—	—	(11,748)	(5,780)	—	—	—	—	(5,780)
Share repurchase	—	—	—	(2,333)	—	(2,333)	(11,748)	—	—	—	—	—	—	—	—	—	—	—
Capital injection from noncontrolling interest shareholders	—	—	—	6,895	—	6,895	—	—	—	520	—	520	—	—	—	750	—	750
Investments from parent companies (Note 7)	—	210,769	170,306	—	(381,075)	—	77,536	75,853	—	(153,389)	—	—	—	—	—	—	—	—
Proceeds from loans provided by inter-company entities (Note 7)	—	—	—	87,170	(87,170)	—	—	3,150	—	35,910	(39,060)	—	—	11,023	—	25,010	(36,033)	—
Repayments of loans provided by inter-company entities (Note 7)	—	—	—	—	—	—	—	(3,000)	—	(5,000)	8,000	—	—	(5,000)	—	(103,080)	108,080	—
Cash received (paid) in connection with the Reorganization	87,170	—	—	(87,170)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	(400)	(4,538)	—	(82)	—	(5,020)	5	22	—	(19)	—	8	7	—	—	5,000	—	5,007
Net cash generated from/(used in) financing activities	371,659	296,231	170,306	(1,614)	(468,245)	278,337	(27,360)	77,708	75,853	25,411	(184,449)	(32,837)	(5,773)	6,023	—	(72,320)	72,047	(23)
Effect of exchange rates on cash, cash equivalents and restricted cash	(248)	(95)	—	(33)	—	(376)	(2,334)	(446)	—	—	—	(2,780)	(1,047)	225	—	—	—	(822)
Increase/(Decrease) in cash, cash equivalents and restricted cash	159,038	11	6,457	(36,597)	—	128,909	(110,528)	695	(6,321)	(877)	—	(117,831)	(16,677)	1,710	20,533	30,553	—	36,119
Cash, cash equivalents and restricted cash at beginning of year	—	—	—	48,968	—	48,968	159,038	11	6,457	12,371	—	177,877	48,510	706	136	11,494	—	60,846
Cash, cash equivalents and restricted cash at end of year	159,038	11	6,457	12,371	—	177,877	48,510	706	136	11,494	—	60,846	31,833	2,416	20,669	42,047	—	96,965

Note 6: For the years ended December 31, 2019, 2020 and 2021, the VIE transferred nil, nil and nil, respectively to the Primary Beneficiary of VIE as payment or prepayment of service fees. As of December 31, 2019, 2020 and 2021, the outstanding balance of service fees owed by the VIE to the Primary Beneficiary of VIE amounted to RMB17.3 million, RMB50.7 million and RMB76.0 million, respectively.

Note 7: The inter-company cash flows included the following:

- capital contributions from the Parent to its subsidiaries and from the subsidiaries of the Parent to the Primary Beneficiary of VIE;
- loans between subsidiaries of the Parent, the Primary Beneficiary of VIE and the VIE and its subsidiaries, and the repayments of such loans;

Restrictions on Foreign Exchange and the Ability to Transfer Cash between Entities, Across Borders and to U.S. Investors

In the future, if and when we become profitable, 36Kr Holdings Inc.'s ability to pay dividends, if any, to its shareholders and ADS holders and to service any debt it may incur will depend upon dividends paid by our PRC subsidiaries. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets offshore to 36Kr Holdings Inc. In particular, under the current effective PRC laws and regulations, dividends may be paid only out of distributable profits. Distributable profits are the net profit as determined under PRC GAAP, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. As a result, our PRC subsidiaries may not have sufficient distributable profits to pay dividends to us in the near future.

Furthermore, if certain procedural requirements are satisfied, the payment of current account items, including 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 (the "SAFE") or its local branches. However, 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, approval from or registration with competent government authorities or its authorized banks is required. The PRC government may take measures at its discretion from time to time to restrict access to foreign currencies for current account or capital 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 offshore intermediary holding companies or ultimate parent company, and therefore, our shareholders or investors in our ADSs. Further, we cannot assure you that new regulations or policies will not be promulgated in the future, which may further restrict the remittance of RMB into or out of the PRC. We cannot assure you, in light of the restrictions in place, or any amendment to be made from time to time, that our current or future PRC subsidiaries will be able to satisfy their respective payment obligations that are denominated in foreign currencies, including the remittance of dividends outside of the PRC. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to 36Kr Holdings Inc. In addition, our PRC subsidiaries are required to make appropriations to certain statutory reserve funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies.

For PRC and United States federal income tax consideration of an investment in the ADSs, see "Item 10. Additional Information—10.E. Taxation."

Implication of the Holding Foreign Companies Accountable Act

The Holding Foreign Companies Accountable Act, or the HFCAA, was enacted on December 18, 2020. The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our auditors are subject to the determinations. Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the PRC authorities, our auditor is currently not inspected by the PCAOB. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. The PCAOB is currently unable to inspect our auditors in relation to their audit work performed for our financial statements and inability of the PCAOB to conduct inspections over our auditors deprives our investors with the benefits of such inspections. For the details of the risks associated with the enactment of the HFCAA, see "Risk Factors – Risks Related to Doing Business in China – Our ADSs may be delisted and our ADSs and shares prohibited from trading in the over-the-counter market under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or fully investigate auditors located in China. On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our auditor is subject to the determinations that the PCAOB is unable to inspect or investigate completely. Under the current law, delisting and prohibition from over-the-counter trading in the U.S. could take place in 2024. If this happens there is no certainty that we will be able to list our ADS or shares on a non-U.S. exchange or that a market for our shares will develop outside of the U.S. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment " and "Risk Factors - Risks Related to Doing Business in China -The potential enactment of the Accelerating Holding Foreign Companies Accountable Act would decrease the number of non-inspection years from three years to two, thus reducing the time period before our ADSs may be prohibited from over-the-counter trading or delisted. If this bill were enacted, our ADS could be delisted from the exchange and prohibited from over-the-counter trading in the U.S. in 2023."

4.B. Business Overview

Mission

Our mission is to empower New Economy participants to achieve more.

Overview

We are a prominent brand and a pioneering platform dedicated to serving New Economy participants in China.

New Economy is rapidly transforming businesses through cutting-edge technology and innovative business models. New Economy covers a wide and expanding spectrum of industries, including the Internet, hardware and software technologies, consumer and retail, healthcare, entertainment and media, finance, as well as enterprise service industries, among others. It has brought tremendous opportunities to New Economy participants in China, including New Economy companies driven by and traditional companies being transformed by cutting-edge technology and innovative business models, institutional investors and individuals involved in New Economy.

We started our business with high-quality New Economy-focused content offerings. Leveraging traffic brought by high-quality content, we have expanded our offerings to business services, including online advertising services, enterprise value-added services and subscription services. We are a well-recognized platform among New Economy participants in China. With our significant brand influence, we are well-positioned to continuously capture the high growth potentials of China's New Economy.

High-quality New Economy-focused content is the foundation of our business. We provide insightful reports on companies, timely market updates and thought-provoking editorials and commentaries. We especially take pride in our ability to discover startup companies with great potentials and introduce them to the investment community. We were the first to report on a number of startup companies that later became industry leaders. For example, in January 2013, we were the first to report on ByteDance, which later became a world-leading technology company. Our content covers almost all industries and verticals in China's New Economy, meanwhile we operate a comprehensive content distribution network, which makes us a leading New Economy-focused content platform in China.

We offer business services, including online advertising services, enterprise value-added services and subscription services to our customers. We address the evolving needs of New Economy companies and upgrading needs of traditional companies by providing them with tailored advertising and marketing solutions and other enterprise value-added services. We also help institutional investors identify promising targets, source investment opportunities and connect them with startup companies directly. Additionally, we have cultivated a large number of subscribers who purchase our premium content and other online and offline benefits. Through our diverse service offerings, we have captured extensive monetization opportunities.

With high-quality content and diverse business service offerings, we have fostered an affluent and sophisticated user base and as such, attracted a valuable customer base.

We are supported by comprehensive database and strong data analytics capabilities. With a massive corporation information database covering over 840,000 enterprises, we are able to gain valuable insights into the latest development of New Economy. Leveraging our deep understanding of user needs and customer demands, we are able to better disseminate our content and monetize our various service offerings.

Our revenue decreased by 18% from RMB386.8 million in 2020 to RMB316.8 million (US\$49.7 million) in 2021. Our net loss narrowed by 68% to RMB90.6 million (US\$14.2 million) in 2021 from RMB279.3 million in 2020.

Our Business Model



We empower New Economy participants through our high-quality content and comprehensive business service offerings tailored to our customers to address their pain points.

- *Value propositions to New Economy companies.* New Economy companies are driven by cutting-edge technology and innovative business models, which include both startup companies and established unicorns. We are able to proactively identify their demands and customize our services accordingly.

We add significant value to startup companies to strengthen their marketing capabilities and managerial experience, and enable them to better position themselves in their respective markets. We help startup companies gain public attention by increasing their media exposure and brand awareness through tailored online advertising services and integrated marketing services. We also connect them with prominent institutional investors face-to-face at online/offline events. In addition, we provide startup companies with market updates and trainings to improve their marketing and operational capabilities. As these startup companies mature, they begin to develop demands for more sophisticated and innovative marketing services, which we are able to continuously provide.

- *Value propositions to traditional companies.* We help traditional companies gain public attention by increasing their media exposure and brand awareness through tailored online advertising services and integrated marketing services. In addition, we also guide traditional companies as they embrace technological and business model innovations and adapt to the New Economy by offering consulting services. These traditional companies are leaders in a variety of industries such as retail, healthcare, 3C and new energy.

- *Value propositions to regional governments.* We have been helping regional governments digitalize their working process and energize the regional economy, through our service solutions such as online advertising, online/offline events and live-streaming events, as well as innovative consulting services. Regional governments are able to introduce the local conditions and supportive policies with wider exposure for efficient investment and talent attraction, with the aid of our New Economy community-centric resource networks. As stronger demand emerges from more municipalities to upgrade their digitalization infrastructure and implement region-focused industrial innovation, we are placed at the forefront of more opportunities to serve a variety of governmental institutions through our comprehensive business offerings.
- *Value propositions to institutional investors.* Institutional investors, both in private and public equity markets, seek opportunities to invest in evolving industries or locate promising startup companies. We provide insightful and up-to-date industry and company intelligence in New Economy tailored to institutional investors with different needs and focuses, to help them source and assess suitable investment opportunities in a more efficient manner. Our online advertising and online/offline events help connect institutional investors with New Economy companies across a broad range of industries, providing them a valuable and effective platform to engage in investment discussions. In addition, we also help institutional investors raise capital by offering them branding activities.
- *Value propositions to other participants in and individuals interested in the New Economy.* We operate under the prominent brand “36Kr”, and have become an informative, credible, influential and timely source of information for the New Economy communities. We provide high-quality content to other participants in and individuals interested in New Economy. Additionally, we provide knowledge and education based services to them through offline and online training programs and seminars, covering various aspects such as start-up guideline, industry trends, market analysis and career development, etc.

Our Content

As we offer timely and insightful New Economy-focused content, our users regard us as an informative, credible and influential source of information. We have developed outstanding capabilities in generating and distributing high-quality content, including insightful reports on companies and industries, timely market updates, thought-provoking editorials and commentaries as well as original video-formed content. Meanwhile, our content covers a variety of industries in China’s New Economy, such as technology, consumer, retail, healthcare media and entertainment, as well as enterprise services, among others.

Our content is presented in various forms, such as text, pictures, audios, videos and live streaming. We create and produce such content through our in-house content creation team, and we also source content from selected third-party professional content providers. Meanwhile, we write and publish themed columns to address various needs of our users. Our most popular columns include:

- “A Kr-arter Past Eight” (八点一氩).
“A Kr-arter Past Eight” (八点一氩) is a column that provides comprehensive daily morning briefing of major updates in New Economy during the past 24 hours.
- “In-depth Kr” (深氩).
“In-depth Kr” (深氩) is a column that offers high-quality and in-depth business analysis and insights focusing on trending topics in New Economy.
- “Wise Kr” (智氩).
“Wise Kr” (智氩) is a column that offers insightful business research and analysis of public companies by covering their pre and post-IPO phases.
- “New Trend” (新风向).
“New Trend” (新风向) is a column that provides professional and insightful analysis and opinions based on new trends in various aspects of New Economy.

- “Flash Updates” (快讯).

“Flash Updates” (快讯) is a column that provides short and timely updates on latest developments in New Economy.

- “Kr-Institute” (氪星研究所).

“Kr-Institute” (氪星研究所) is a column that specifically provides our original and self-produced content on trendsetting companies, great industrial events and legendary business figures.

- “Oh! Youth” (后浪研究所)

“Oh! Youth” (后浪研究所) is a column that focuses on widely attended topics among younger generation, providing insightful and original reports on career development, mental health, lifestyle, relationships, etc.

- “Chaoren Review” (超人测评)

“Chaoren Review” (超人测评) is a column that provides first-hand professional and grass-root review about various products such as 3C products, home appliance products, as well as food and beverage, etc.

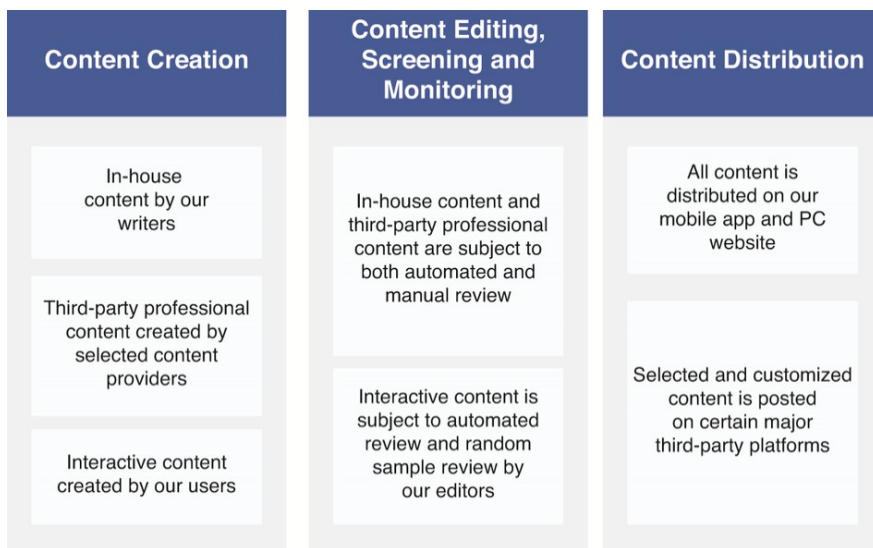
In addition, we see the clear trends that video-formed content has quickly emerged as a preferable choice for more people. With our considerable capabilities in this arena, the rapidly growing video market presents a huge growth opportunity for us. In 2021, we continued to increase our engagement across a broad demographic and have made significant progress in producing and monetizing our video content offerings.

With our insights and expertise in New Economy sectors, we especially take pride in our ability to discover startup companies with great potentials and introduce them to the investment community.

We also demonstrated strong capabilities to deliver timely, exclusive and insightful content. And our insightful business research spanning a broader range of companies and industries continues to gain popularity in various markets in 2021. In particular, it is widely praised among private and public equity market participants. Leveraging our established brand influence and connections, we are able to obtain first-hand exclusive content and timely provide the latest breaking updates to our users. Moreover, through our in-depth analysis, we offer our users insightful and informative New Economy-focused content.

Our users are participants in different New Economy sectors, such as technology, consumer and retail, healthcare, enterprise services and entertainment and media. We provide our users with an abundance of New Economy-focused content. In 2019, 2020 and 2021, we published over 93,000, 108,000 and 119,000 pieces of content, including both content produced by our in-house team and those sourced from third-party professional content providers. Leveraging our significant brand influence across our diversified distribution channels, we have achieved an average monthly PV of 850.7 million in the twelve-month period ended December 31, 2021 across our self-operated platforms and our accounts on major third-party platforms, including Weibo, Weixin/WeChat, Toutiao, Zhihu, Baidu, Xinhuanet.

Our content production process includes content creation, content editing, screening and monitoring, and content distribution.



Content Creation

In-house Content Creation

We maintain a professional in-house content creation team of 172 personnel, including 32 seasoned writers, with in-depth knowledge in New Economy sectors. Our writers are responsible for information gathering, researching, analyzing market information and trends and drafting. We leverage the diverse background of our writers and assign them to cover the industries and markets that they specialize in. Our high-quality New Economy-focused content is well-received by our users. All content undergoes detailed review and is carefully edited by our professional editorial team. The entire process of topic selection, market research and analysis, and content creation is conducted independently by our writers to ensure the objectivity of our content.

We devote significant efforts to recruit highly qualified writers, which is crucial to our content creation. We select candidates based on their experience, expertise, drafting skills and academic and professional qualifications. To maintain high editorial standards, we offer our writers regular professional trainings and mentorship programs, such as seminars on financial statement analysis, industry updates and drafting skills.

Third-party Professional Content

In addition to creating content in-house, we also source content from selected third-party professional content providers with expertise in New Economy sectors, such as reputable media, research institutions and KOLs. We specify the sources of all third-party professional content. We believe that the quality and breadth of our third-party professional content contribute to our knowledge library and enhance the influence of our platform. As of the date of this annual report, we have cooperated with over 1,000 third-party professional content providers, including third-party video-formed content contributors. Pursuant to our arrangements, we are allowed to select, review and edit content created by them and post their content on our various platforms.

Interactive Content

We also operate discussion forums, blogs, mini blogs, comments section and user surveys for our users to interact on our platform. We believe such content adds an important interactive and social component to our platform and enhances user engagement. Our users can voice their opinions, express their views, discuss with each other and provide feedbacks to our content. In particular, interactive content on our platform is valuable given our affluent and sophisticated user base, which primarily consists of entrepreneurs, investors and other New Economy participants.

Content Editing, Screening and Monitoring

Our professional and experienced editorial team reviews and edits our content before posting to ensure the quality. Our editors oversee the quality of and opinions voiced in our content to be posted. They work closely with our writers to improve the product by providing feedback and suggestions.

We also place strong emphasis on content screening and monitoring to ensure that our in-house content, third-party professional content and interactive content do not infringe copyright and other intellectual property rights, and fully comply with the applicable laws and regulations. Our online content screening and monitoring procedures consist of automated screening performed by an automated filtering system as well as a set of manual review procedures conducted by our editors. We hold regular internal trainings for our editors on latest compliance requirements and development. We also closely supervise the screening and monitoring work performed by our editors.

Automated Content Screening Process. All content on our platform is first screened by an automated filtering system. This system identifies and flags suspicious content using a regularly updated repository of keywords based on the latest regulations in China. All flagged content identified in the automated content screening process is further reviewed by our editors. We have implemented a 24-hour automated monitoring mechanism to timely remove any inappropriate or illegal content.

Manual Content Reviewing Process. In addition to automated review, all of our in-house content and third-party professional content are further subject to manual review by our editors. Our manual screening procedure is multi-layered, with each piece of content subject to review and cross-review by different editors. Occasionally, we also engage third-party consultants with specialized understanding of China's regulatory environment to review certain content on our platform. In addition to automated review, our interactive content is also subject to random sample review by our editors to remove content that appear to violate relevant laws and regulations or are otherwise inappropriate for our platform.

Distribution Channels

We distribute our content through a variety of channels, including both self-operated and major third-party platforms. In the twelve-month period ended December 31, 2021, we have achieved an average monthly PV of 850.7 million across our self-operated platforms and our accounts on major third-party platforms, including Weibo, Weixin/WeChat, Toutiao, Zhihu, Baidu, Xinhuanet.

Our self-operated channels include our mobile app "36Kr" and website "36kr.com." We provide user-friendly interfaces on our mobile app and website. Leveraging our AI technology, we enable our users to customize their own interface through preference settings. Our users may browse the content categories, or use key words to locate content, and may locate historical content by date. Our users may also share links to our content to other social media platforms.

In addition to our own mobile app and website, we also leverage leading third-party Internet and social networking platforms, including Weibo, Weixin/WeChat, Toutiao, Zhihu, Baidu, Xinhuanet, Douyin, Kuaishou and Bilibili, to further distribute selected and customized content of us. For example, we selectively repost trending articles on our Weixin/WeChat public account on a daily basis. We have become a top New Economy-focused content provider in terms of average monthly PV across our self-operated platforms and our accounts on major third-party platforms.

We are required to comply with the terms in the standard service agreements with these third-party platforms when opening our accounts. Opening accounts on these third-party platforms is free of charge. Pursuant to the service agreements, we are responsible for the operation and maintenance of our accounts and our contents. These third-party platforms are able to provide us with certain user data, such as page views, upon request.

The following table presents a breakdown of our average monthly PV by platforms.

	March 31, 2020	June 30, 2020	September 30, 2020	For the twelve-month period ended				
				December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
				(in millions)				
Self-operated platforms	17.8	19.1	18.3	21.3	22.9	21.3	27.0	29.0
Major third-party platforms (1)	456.1	480.1	548.0	608.9	806.4	825.0	821.7	821.7
Total	473.9	499.2	566.3	630.2	829.3	846.3	848.7	850.7

Notes:

(1) Major third-party platforms include Weibo, Weixin/WeChat, Toutiao, Zhihu, Baidu, Xinhuanet.

To showcase China's New Economy to overseas users as well as to further extend our business reach, we have cooperated with local partners and launched certain overseas websites. The overseas websites provide content about New Economy, in particular the New Economy development and participants in China. We have been exploring business opportunities in overseas market through our associate 36Kr Global Holding, which operates kr-asia.com in Singapore and 36kr.jp in Japan. In 2021, 36Kr Global Holding has expanded its presence in Europe, Australia and New Zealand. We have also partnered with Nikkei, a leading international media group, to boost our overseas coverage of China's New Economy participants and their activities.

Our Business Services

Leveraging traffic brought by our high-quality content offerings, we have expanded to offer a variety of New Economy-focused business services tailored to the different needs of our target customers. Our business services include online advertising services, enterprise value-added services and subscription services.

Online Advertising Services

Utilizing our affluent and sophisticated user base, we offer customers quality brand-based online advertising services. Specifically, we help our online advertising customers establish and enhance their brand influence and build up connections with our users over time. Our online advertising services are charged either on a cost-per-day basis or a cost-per-advertisement basis. We provide advertising services in a variety of forms such as full screen display, banners, pop-ups and embedded advertisements. Leveraging our strong content creation capabilities, we also help produce advertisements based on the customers' requests, and post the advertisements on our platform to help promote customers' products and enhance their brand awareness.

Maintaining a healthy balance between advertisement and content is essential to our platform. While we improve the effectiveness of our advertisements, we also value the objectivity of our content and users' experience with our platform. It is important for us to make sure that our users can quickly distinguish objective content and advertisements. Therefore, we clearly label all advertisements on our platform.

We offer online advertising services either through third-party advertising agencies or directly to advertisers, consistent with market practice in China's online advertising industry.

The customers of our online advertising services include both New Economy companies and traditional companies. In 2019, 2020 and 2021, we provided online advertising services to 506, 499 and 512 customers, respectively.

Enterprise Value-added Services

We provide a variety of enterprise value-added services tailored to our customers, including both New Economy companies and traditional companies. Our comprehensive enterprise value-added service offerings, which include integrated marketing services, online/offline events, consulting services and advertisement agent services, cover different demands of our customers. With diverse enterprise value-added service offerings, we are able to explore cross-selling opportunities and enhance monetization capabilities.

Integrated marketing

We help our customers develop tailored and diverse marketing strategies to improve their marketing efficiency. We provide various integrated marketing services including marketing plan, marketing event organization and execution, and public relations, etc. By offering high quality integrated marketing services, we help our customers enhance brand recognition and acquire and monetize traffic.

Online/offline events

We organize diverse online/offline events focusing on New Economy, including summits, forums, industry conferences and fan festivals. Due to COVID-19 impact, we also conducted some of our events through live streaming in 2021. New Economy participants gather at our online/offline events site, and also join us on our live-streaming conferences and summits. Leveraging our influence in New Economy, we host some of the largest New Economy-focused online/offline events in China, in terms of number of participants. We believe our online/offline events create great brand-building opportunities for our customers. These events also provide a networking platform for ever-growing New Economy participants, offering them business cooperation and investment opportunities. Online/offline events further enhance our brand recognition and increase customer loyalty.

Consulting

Leveraging our insights and established connections in New Economy, we provide consulting services to help traditional companies embrace technological innovations and digitalization and refer them to business opportunities in New Economy. We provide customized market research and industry reports to established companies, government agencies and other New Economy participants. In addition, we also help our customers organize and execute business events.

Advertisement agent services

Starting from 2021, we as an agent coordinate and procure the third-party advertisement resources on behalf of our customers based on the purchase orders from the customers including the content, form, time and media platform of the advertisement. In addition to help procuring the advertising resources for the customers, we also pay on behalf of customer for the advertising resources procured, i.e., we provide financing to the customer.

Subscription Services

We provide subscription services mainly to individuals and institutional investors.

Institutional investor subscription

We launched our institutional investor subscription services, or V-club, in 2017, offering industry reports and market updates to institutional investor subscribers. Since 2018, we started to offer more comprehensive subscription benefits to institutional investor subscribers usually for an annual subscription fee. For example, we enhance the exposure of our institutional investor subscribers and their investment portfolios on our platform. We help them create their investor profile pages on our platform and organize branding promotion events. We refer promising companies to institutional investor subscribers seeking investment opportunities. Our institutional investor subscribers also enjoy priority access to our online/offline events. Meanwhile, we help institutional investor subscribers increase their recognition by displaying their logos in different occasions, including at our online/offline events. In 2021, we had 208 institutional investor subscribers, compared to 141 institutional investor subscribers in 2020.

Individual subscription

Our individual subscription services mainly target individuals interested in the development of New Economy. Certain of our content are offered to our users for a fee. We offer a rich selection of paid columns and online courses, covering various aspects from industry trends and market analysis, to career development and advice. Users can subscribe for a specific training session at a fixed fee. We also offer monthly and annual subscription packages of our paid columns to users. In addition to online content, we also host various offline training courses on investment and New Economy business management to our subscribers. These courses are usually taught by well-known entrepreneurs, experienced investors and KOLs in New Economy space, which provides users with face-to-face communication and longer-term connection with these lecturers.

In 2021, we had 1.9 thousand individual subscribers, compared to 9.6 thousand individual subscribers in 2020. The decrease was because we curtailed the paid columns in 2021 and some of the offline training courses were cancelled due to the negative impact of COVID-19. To attract more individual subscribers, we have been constantly optimizing the course portfolios and expanding our topics and enhancing our user-friendly interface.

Enterprise Service Review Platform

In the fourth quarter of 2020, we launched our Enterprise Service Review Platform, dianping.36Kr.com, in order to seize the historic opportunities in the digital transformation and technology upgrade trends which have ushered the SaaS industry into an era of fast growth.

Leveraging our vast enterprise database, our proven content strengths and our deep understanding of client pain points, we are well-positioned to build 36Kr Enterprise Service Review Platform as a leading professional platform for enterprise-level applications and services selection in China. 36Kr Enterprise Service Review Platform effectively fill the information gap between sellers and buyers of enterprise services by providing in-depth reports, rankings and feedbacks for applications and services from real users on our platform. It also enables all categories of enterprise service providers to showcase their products, address the dynamic feedbacks of users, as well as capture potential customer needs and sales leads.

By the end of 2021, our Enterprise Service Review platform included close to 6,000 software applications and accumulated approximately 20,000 genuine comments from real users, while its monthly active users (MAUs) reached around 600,000. We expect it to become a leading, comprehensive, authoritative, objective and independent platform in China for thousands of enterprises to make their procurement decisions or acquire customers for SaaS applications and services. We plan to utilize our enterprise network communities to boost traffic for this platform, build an enterprise services alliance community and gradually start to commercialize our enterprise services review business in the future, while this business had not been monetized by far.

Sales, Marketing and Branding

We are able to attract and retain users efficiently and draw significant traffic to our platform. In addition to our established brand and word-of-mouth marketing, we promote our brand and platform through online marketing, offline promotional events and sponsorship.

We sell our services mainly through our experienced in-house sales teams of 247 employees as of December 31, 2021. Our sales team is equipped with specialized New Economy sector knowledge and expertise, and understands our customers' needs. Our sales team also maintains close relationship with our customers by providing support and customer services during course of services.

Competition

We operate in the New Economy-focused business services market in China. We believe we are one of the few companies capable of providing a full suite of New Economy-focused business services, but we face competition from other New Economy-focused business services providers in the respective market segments we operate in.

Specifically, our online advertising services face competition from other content-based online advertising services providers as well as technology verticals of major Internet information portals, such as Sina and Tencent News. For our enterprise value-added services, we face competition from other New Economy-focused enterprise value-added services providers as well as traditional marketing, consulting and public relations companies. We also compete with paid content services providers with respect to our subscription services.

Our ability to compete successfully depends on many factors, including the quality and coverage of our content, our industry expertise, brand recognition, user and customer experience, big data and technological capabilities. We believe we are well-positioned to effectively compete against our competitors and capture market opportunities. However, our competitors may have broader content and service offerings, greater brand recognition, more capital and larger user and customer base. For discussion of risks related to our competitors, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We face competition in major aspects of our business. If we are unable to compete effectively in the industry we operate, our business, results of operations and financial condition may be materially and adversely affected."

Technology

We continuously upgrade our technology to deliver superior user experience and enhance our operational efficiency.

Corporate Database

Through our strategic partnership with JingData, a leading primary market financial data service provider in China and our related party, we collectively contribute to and manage a massive database of over 840,000 enterprises. This massive database covers corporate information, operating data, financial performance, financing activities and industry updates. Through this database, we have gained valuable insights into the latest development and trends of the New Economy sector, which contribute to our content creation and service offerings.

AI and big data analytics

Through data analysis, we study and analyze the preferences and demands of our users and customers, and tailor our content and service offerings accordingly. For example, we analyze user preferences gathered through our platform to personalize content recommendations. We have adopted AI technology in content screening, such as AI automated review, to expedite the publishing process and enhance efficiency.

As of December 31, 2021, we had 93 employees dedicated to research and development. Our research and development team primarily consists of senior software engineers and IT infrastructure architects.

Data Security and Privacy

We believe data security is critical to our business operation. All our users consent to our collection, use and disclosure of their data in compliance with applicable laws and regulations. To protect users' information, we have internal policies governing how we may use and share personal information, and protocols, technologies and systems guarding against improper access or disclosure of personal information. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—If our security measures are breached, or if our services are subject to attacks that degrade or deny the ability of users to access our services, our services may be perceived as not being secure, users may curtail or stop using our services and our business, results of operations and financial condition may be harmed."

We limit access to our servers that store our user information and internal data on a "need-to-know" basis. We have also adopted a data encryption system to ensure secure storage and transmission of data, and prevent any unauthorized access and use of our data. Furthermore, we have implemented comprehensive data masking to fend off potential security attacks and updated privacy policies to comply with applicable data privacy and protection laws and regulations.

Intellectual Property

Our intellectual property includes trademarks and trademark applications related to our brands and services, software copyrights, trade secrets and other intellectual property rights and licenses. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures.

We hold "36Kr" and "36氪" trademarks in China. In addition, we hold 203 registered trademarks, 33 registered software copyrights and one registered patent in China as of the date of this annual report. We have 13 registered domain names as of the date of this annual report, including our website domain name, 36kr.com.

Insurance

We provide social security insurance including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits for our employees. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance.

Licenses and Approvals

The following table sets forth a list of material licenses and approvals, subject to further renewal, that our PRC subsidiaries and VIE are required to obtain to carry out our operations in China.

No.	License	Entity Holding the License	Type of the Entity	Regulatory Authority
1.	ICP License (增值电信业务经营许可证)	Beijing Duoke	VIE	Beijing Communications Administration (北京市通信管理局)
2.	Production and Operation of Radio and Television Program License (广播电视节目制作经营许可证)	Beijing Duoke	VIE	Beijing Municipal Radio and Television Bureau (北京市广播电视局)
3.	Online Culture Operating Permit (网络文化经营许可证)	Beijing Duoke	VIE	Beijing Municipal Bureau of Culture and Tourism (北京市文化和旅游局)
4.	ICP License (增值电信业务经营许可证)	Beijing Shenke Information Technology Limited	subsidiary of VIE	Beijing Communications Administration (北京市通信管理局)

Regulation

The following sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Foreign Investment Law

The Foreign Investment Law was formally adopted by the 2nd session of the thirteenth National People's Congress on March 15, 2019, which came into effect on January 1, 2020 and replaced 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, together with their implementation rules and ancillary regulations. The organization form, organization and activities of foreign-invested enterprises shall be governed, among others, by the PRC Company Law and the PRC Partnership Enterprise Law. Foreign-invested enterprises established before the implementation of this Law may retain the original business organization and so on within five years after the implementation of this Law.

According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the state implements special administrative measures for access of foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields. Foreign investors' investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises.

Investment activities in the PRC by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce (the "MOFCOM") and the NDRC. Industries listed in the Catalogue are divided into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally deemed as constituting a fourth "permitted" category. On December 27, 2021 the NDRC and the MOFCOM promulgated the Negative List 2021, which came into effect on January 1, 2022 and replaced the previous Foreign Investment Catalogue or negative list. Our business like value-added telecommunications services, internet news services, internet audio-visual program services and internet publishing services are under special administrative measures in the Negative List 2020.

Regulations on Value-added Telecommunication Services

Among all of the applicable laws and regulations, the *Telecommunications Regulations of the People's Republic of China* (the “*Telecom Regulations*”) promulgated by the PRC State Council on September 25, 2000 and last amended on February 6, 2016, is the primary governing law, and sets out the general framework for the provision of telecommunications services by domestic PRC companies. Under the *Telecom Regulations*, telecommunications services providers are required to procure operating licenses prior to their commencement of operations. The *Telecom Regulations* distinguish “basic telecommunications services” from value-added telecommunication services (the “VATS”). VATS are defined as telecommunications and information services provided through public networks. The *Catalogue of Telecommunications Business* (the “*Telecom Catalogue*”) was issued as an attachment to the *Telecom Regulations* to categorize telecommunications services as either basic or value-added. In February 2003 and December 2015, the *Telecom Catalogue* was updated respectively, categorizing online data and transaction processing, information services, among others, as VATS.

Foreign direct investment in telecommunications companies in China is governed by the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises, or the FITE Regulations, which were issued by the State Council on December 11, 2001, became effective on January 1, 2002 and last amended on February 6, 2016. Under the aforesaid regulations, foreign-invested telecommunications enterprises in the PRC, or FITEs, must be established as Sino-foreign equity joint ventures, and the geographical area it may conduct telecommunications services is provided by the MIIT accordingly. The foreign party to a FITE engaging in value-added telecommunications services may hold up to 50% of the equity of the FITE. In addition, the major foreign investor in a value-added telecommunications business in China must satisfy a number of stringent performance and operational experience requirements, including demonstrating a good track record and experience in operating a value-added telecommunications business. Moreover, approvals from the MIIT and the MOFCOM or their authorized local counterparts must be obtained prior to the operation of the FITE and the MIIT and the MOFCOM retain considerable discretion in granting such approvals.

In September 2000, the State Council promulgated the *Administrative Measures on Internet Information Services* (the “*Internet Measures*”), most recently amended on January 8, 2011. Under the *Internet Measures*, commercial Internet content-related services operators shall obtain a VATS License for Internet content provision business, or the ICP License, from the relevant government authorities before engaging in any commercial Internet content-related services operations within China.

The *Administrative Measures on Telecommunications Business Operating Licenses* or the *Licenses Measures*, issued on March 1, 2009 and most recently amended on July 3, 2017, which set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of VATS must first obtain a VATS License, from the MIIT or its provincial level counterparts, otherwise such operator might be subject to sanctions including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, the related websites may be ordered to close.

Under the *Licenses Measures*, where telecommunications operators change the name, legal representative or registered capital within the validity period of their operating licenses, they shall file an application for update of the operating license to the original issuing authority within 30 days after completing the administration for industry and commerce. Those who fail to comply with the procedure may be ordered to make rectifications, and may receive a warning or a fine of RMB5,000 to RMB30,000 by the relevant telecommunications administrations.

We engage in business activities that are value-added telecommunications services as defined in the *Telecom Regulations* and the *Catalogue*. To comply with the relevant laws and regulations, we have obtained the ICP License, which will remain effective until March 4, 2025.

Regulation of Internet Information Services

The *Administrative Measures on Internet Information Services*, or the Internet Content Measures, which were 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 Content Measures specify that Internet information services regarding news, publications, education, medical and health care, pharmacy and medical appliances, among other things, are required to be examined, approved and regulated by the relevant authorities. Internet information providers are prohibited from providing services beyond those included in the scope of their licenses or filings. Furthermore, the Internet Content Measures specify a list of prohibited content. Internet information providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the legal rights of others. Internet information providers that violate such prohibition may face criminal charges or administrative sanctions. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the content immediately, keep a record of such content and report to the relevant authorities.

The Internet Content Measures classify Internet information services into commercial Internet information services and non-commercial Internet information services. Commercial Internet information services refer to services that provide information or services to Internet users with charge. A provider of commercial Internet information services must obtain an ICP License.

Regulation on Internet News Services

Pursuant to the *Provisions for the Administration of Internet News Information Services* promulgated by the Cyberspace Administration of China, or CAC, which was issued on May 2, 2017 and became effective on June 1, 2017, an Internet news license shall be obtained from CAC by the service provider for the provision of internet news information services to the public in a variety of ways, including offering platforms for such dissemination. “News information” as mentioned therein includes reports and comments relating to social and public affairs such as politics, economy, military affairs and foreign affairs, as well as relevant reports and comments on social emergencies. The service providers shall meet various qualifications and requirements as listed in such regulation, and further, to provide Internet-based news information services, the services providers are also required to complete formalities for ICP License or filing with the competent telecommunications authorities in accordance with the law. In practice, Internet news information services providers that are not state-owned are required to introduce a state-owned shareholder in order to apply for the Internet news license.

In addition to the above, such regulation also stipulates that no organization may establish Internet-based news information service agencies in the form of Sino-foreign joint ventures, Sino-foreign cooperative ventures or wholly foreign-owned enterprises. Any cooperation involving Internet-based news information services and between Internet-based news information service agencies and foreign-invested enterprises shall be reported to the national CAC for security assessment.

We plan to apply for the Internet news information license from the CAC through our VIE when it is feasible to do so. However, there can be no assurance that our application will be accepted or approved by the CAC. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Lack of Internet news information license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.”

Regulations on Internet Audio-visual Program Services

On December 20, 2007, MIIT and SARFT jointly issued the *Administrative Provisions for the Internet Audio-visual Program Service*, or the *Audio-video Program Provisions 2015*, which came into effect on January 31, 2008 and was amended on August 28, 2015. The *Audio-video Program Provisions* defines “Internet audio-visual program services” as producing, editing and integrating of audio-video programs, supplying audio-video programs to the public via the Internet, and providing audio-video programs uploading and transmission services to a third party. Entities providing Internet audio-visual program services must obtain an Internet audio-visual program transmission license. Applicants for such licenses shall be state-owned or state-controlled entities unless an Internet audio-visual program transmission license has been obtained prior to the effectiveness of the *Audio-video Program Provisions 2015* in accordance with the then-in-effect laws and regulations. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

According to the *Audio-video Program Provisions 2015* and other relevant laws and regulations, audio-video programs provided by the entities supplying Internet audio-visual program services shall not contain any illegal content or other content prohibited by the laws and regulations, such as any content against the basic principles in the *PRC Constitution*, any content that damages the sovereignty of the country or national security, and any content that disturbs social order or undermines social stability. An audio-video program that has already been broadcast shall be retained in full for at least 60 days. Movies, television programs and other media content used as Internet audio-visual programs shall comply with relevant administrative regulations on programs broadcasts through radio, movie and television channels. Entities providing services related to Internet audio-visual programs shall immediately delete the audio-video programs violating laws and regulations, keep relevant records, report relevant authorities and implement other regulatory requirements.

The *Classified Categories of the Internet Audio-visual Program Services (for Trial Implementation)*, or the *Audio-video Program Categories*, promulgated by the SAPPRFT on March 10, 2017, classifies Internet audio/video program services into detailed categories.

On October 31, 2018, the National Radio and Television Administration (the “NRTA”) issued the *Notice on Further Strengthening the Management of Radio and Television and Network Audiovisual Programs* (“Notice 60”). According to Notice 60, all radio and television broadcasting institutes, network audiovisual program service institutes and program production institutes shall stick to the right political direction and strengthen value guidance; pursue people-centered creative orientation to curb bad tendencies such as pursuing celebrities, pan-entertainment and so on; persist in providing high-quality content, constantly innovate programs, and strictly control the remuneration of guests.

We are required to obtain an Internet audio-visual program transmission license for the Internet audio-visual program services. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Lack of Internet audio-visual program transmission license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.”

Regulations on Online Culture Administration

According to the *Interim Administrative Provisions on Internet Culture*, or the *Internet Culture Provisions*, promulgated by the MOC on February 17, 2011, and amended on December 15, 2017 Internet culture activities include: (i) production, reproduction, import, release or broadcast of Internet culture products (such as online music, online game, online performance and cultural products by certain technical means and copied to the Internet for spreading) ; (ii) distribution or publication of cultural products on Internet; and (iii) exhibitions, competitions and other similar activities concerning Internet culture products. The *Internet Culture Provisions* further classifies Internet cultural activities into commercial Internet cultural activities and non-commercial Internet cultural activities. Entities engaging in commercial Internet cultural activities must apply to the relevant authorities for a Network Cultural Business Permit, while non-commercial cultural entities are only required to report to related culture administration authorities within 60 days of the establishment of such entity. If any entity engages in commercial Internet culture activities without approval, the cultural administration authorities or other relevant government may order such entity to cease to operate Internet culture activities as well as levying penalties including administrative warning, fines up to RMB30,000 and listing such entity on the cultural market blacklist to impose credit penalty in case of continued non-compliance. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services except online music.

To comply with the relevant laws and regulations, we have obtained the online culture operating permit, which will remain effective until April 20, 2023.

Regulations on Internet Publishing

On February 4, 2016, the SAPPRFT and MIIT jointly issued the *Rules for the Administration for Internet Publishing Services*, or the *Internet Publishing Rules*, which became effective on March 10, 2016, to replace the *Provisional Rules for the Administration for Internet Publishing* that had been jointly issued by the General Administration of Press and Publication (the “GAPP”) and the MII on June 27, 2002. The *Internet Publishing Rules* defines “Internet publications” as digital works that are edited, produced, or processed to be published and provided to the public through the Internet, including (i) original digital works, such as pictures, maps, games, and comics; (ii) digital works with content that is consistent with the type of content that has been published in media such as books, newspapers, periodicals, audio-visual products, and electronic publications; (iii) digital works in the form of online databases compiled by selecting, arranging, and compiling other types of digital works; and (iv) other types of digital works identified by the SAPPRFT. Under the *Internet Publishing Rules*, Internet operators distributing such publications via the Internet are required to apply for an Internet publishing license with the relevant governmental authorities and the approval of SAPPRFT before distributing Internet publications.

We plan to apply for the Internet publishing license through our VIE when it is feasible to do so. However, there can be no assurance that the application will be accepted or approved by the relevant regulatory authorities. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Lack of Internet publishing license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.”

Regulations on the Administration of Production and Operation of Radio and Television Program

On July 19, 2004, the SAPPRFT promulgated the Administrative Measures on the Production and Operation of Radio and Television Programs, or the Radio and Television Program Production Measures, which came into effect on August 20, 2004 and was amended on August 28, 2015. The Radio and Television Program Production Measures are applicable for establishing institutions that produce and distribute radio and television programs or for the production of radio and television programs like programs with a special topic, column programs, variety shows, animated cartoons, radio plays and television dramas and for activities like transactions and agency transactions of program copyrights. And it provides that any business that produces or operates radio or television programs must first obtain a Radio and Television Program Production and Operation Permit. Entities holding such permits shall conduct their business within the permitted scope as provided in their permits. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

We engage in business activities that include generating audio and video content considered as radio and television programs as defined in the Radio and Television Program Production Measures. To comply with the relevant laws and regulations, we have obtained the production and operation of radio and television program license, which will remain effective until June 16, 2022.

Regulation on Privacy Protection

On December 28, 2012, the Standing Committee of the National People’s Congress (the “SCNPC”) enacted the *Decision to Enhance the Protection of Network Information*, or the *Information Protection Decision*, to enhance the protection of personal information in electronic form. The *Information Protection Decision* provides that Internet services providers must expressly inform their users of the purpose, manner and scope of the Internet services providers’ collection and use of personal information, publish the Internet services providers’ standards for their collection and use of User Personal Information, and collect and use personal information only with the consent of the users and only within the scope of such consent. The *Information Protection Decision* also mandates that Internet services providers and their employees must keep strictly confidential personal information that they collect, and that Internet services providers must take such technical and other measures as are necessary to safeguard the information against disclosure.

On July 16, 2013, the MIIT issued the *Order for the Protection of Telecommunication and Internet User Personal Information* (the “Order”). Most of the requirements under the Order that are relevant to Internet services providers are consistent with the requirements already established under the MIIT provisions discussed above, except that under the Order the requirements are often stricter and have a wider scope. If an Internet services provider wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from the users whose information is being collected or used. Internet services providers are also required to establish and publish their protocols relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. Internet services providers are also required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant Internet service. Internet services providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties. The Order states, in broad terms, that violators may face warnings, fines, and disclosure to the public and, in the most severe cases, criminal liability.

On January 5, 2015, the State Administration for Industry and Commerce (the “SAIC”) promulgated the *Measures on Punishment for Infringement of Consumer Rights*, pursuant to which business operators collecting and using personal information of consumers must comply with the principles of legitimacy, propriety and necessity, specify the purpose, method and scope of collection and use of the information, and obtain the consent of the consumers whose personal information is to be collected. Business operators may not: (i) collect or use personal information of consumers without their consent; (ii) unlawfully divulge, sell or provide personal information of consumers to others; (iii) send commercial information to consumers without their consent or request, or when a consumer has explicitly declined to receive such information.

In addition, National Internet Information Office published *Measures for the Security Assessment of Personal Information and Important Data to be Transmitted Abroad*, or the Draft Security Assessment Notice to seek for public comments on April 11, 2017. The Draft Security Assessment Notice emphasizes the security evaluation requirements, any company found to be non-compliant with the obligations under the Draft Security Assessment Notice may potentially be subject to fines, administrative and/or criminal liabilities. It is still uncertain when the Draft Security Assessment Notice would be signed into law and whether the final version would have any substantial changes from this draft. We may not be able to fulfill the obligations that we are subjected to, among others, the security assessment at acceptable cost, or at all. In order for us to maintain or become compliant with applicable laws as they come into effect, it may require substantial expenditures on resources to continually evaluate our policies and processes and adapt to new requirements that are or become applicable to us.

On November 28, 2019, National Internet Information Office, MIIT, SAIC and Ministry of public security jointly issued *Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations*, which specifies the circumstances that identify as: (i) collection and use rules are unpublished; (ii) the purpose, method and scope of collecting and using personal information are unspecified; (iii) collect and use personal information without user’s consent; (iv) collect personal information irrelevant to the services provided in violation of necessary principles; (v) provide personal information to others without consent; (vi) failure to provide the function of deleting or correcting personal information as required by law or failure to publish information such as complaints and reporting ways.

Regulation on Cybersecurity and Censorship

On November 7, 2016, the Standing Committee of the National People’s Congress promulgated the PRC Cybersecurity Law, which took effect on June 1, 2017. The PRC Cybersecurity Law applies to the construction, operation, maintenance, and use of networks as well as the supervision and administration of Internet security in the PRC. The PRC Cybersecurity Law defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging, and processing information in accordance with certain rules and procedures. “Network operators,” who are broadly defined as owners and administrator of networks and network services providers, shall meet their cyber security obligations and shall take technical and other necessary measures to protect the safety and stability of their networks. Under the Cybersecurity Law, network operators are subject to various security protection-related obligations, including:

- complying with security protection obligations in accordance with tiered requirements with respect to maintenance of the security of Internet systems, which include formulating internal security management rules and developing manuals, appointing personnel who will be responsible for Internet security, adopting technical measures to prevent computer viruses and activities that threaten Internet security, adopting technical measures to monitor and record status of network operations, holding Internet security training events, retaining user logs for at least six months, and adopting measures such as data classification, key data backup, and encryption for the purpose of securing networks from interference, vandalism, or unauthorized visits, and preventing network data from leakage, theft, or tampering;
- verifying users’ identities before signing agreements or providing services such as network access, domain name registration, landline telephone or mobile phone access, information publishing, or real-time communication services;
- clearly indicating the purposes, methods and scope of the information collection, the use of information collection, and obtain the consent of those from whom the information is collected when collecting or using personal information;
- strictly preserving the privacy of user information they collect, and establish and maintain systems to protect user privacy;
- strengthening management of information published by users. When the network operators discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies.

On 28 December 2021, the CAC and twelve other PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review, or the Cybersecurity Review Measures, which came into effect on 15 February 2022, and the Measures for Cybersecurity Review which took effect on 1 June 2020 was abolished at the same time. Under the Measures for Cybersecurity Review, if a critical information infrastructure operator purchases network products and services in key industries and fields, such as public communications and information services, energy, transportation, water resources, finance, public service, and electronic administration, and other critical information infrastructure, that affect or may affect national security, a cybersecurity review shall be conducted.

To comply with the above PRC laws and regulations, we have adopted internal procedures to monitor content displayed on our website and application. However, due to the large amount of user uploaded content, we may not be able to identify all the content that may violate relevant laws and regulations. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—If our security measures are breached, or if our services are subject to attacks that degrade or deny the ability of users to access our services, our services may be perceived as not being secure, users may curtail or stop using our services and our business, results of operations and financial condition may be harmed.”

Regulation on Mobile Internet Applications Information Services

On June 28, 2016, the CAC issued the Provisions on the Administration of Mobile Internet Applications Information Services, or the APP Provisions, which became effective on August 1, 2016. Under the APP Provisions, mobile application providers and application store services providers are prohibited from engaging in any activity that may endanger national security, disturb the social order, or infringe the legal rights of third parties, and may not produce, copy, issue or disseminate through mobile applications any content prohibited by laws and regulations. The APP Provisions also require mobile application providers to procure relevant approval to provide services through such applications, and shall strictly fulfill their responsibilities of information security management, including (i) verifying authentic identities with the registered users through mobile phone numbers; (ii) establishing and improving the verification and management mechanism for the information content, adopting proper sanctions and measures such as warning, limiting functions, suspending updates, and closing accounts for releasing illegal information content; (iii) keeping records and reporting to competent authorities; (iv) protecting and safeguarding users' rights to know and choose during installation or use; (v) protecting intellectual property rights concerned and (vi) keeping records of user log information for 60 days.

Regulations on Online Advertising Services

On April 24, 2015, the Standing Committee of the National People's Congress enacted the Advertising Law of the PRC, which was amended in September 2015 and was amended again in 2018 and in 2021. The New Advertising Law increases the potential legal liability of advertising services providers and strengthens regulations of false advertising. On July 4, 2016, the SAIC issued the Interim Measures of the Administration of Online Advertising, or the SAIC Interim Measures, effective on September 1, 2016. The New Advertising Law and the SAIC Interim Measures require that Internet advertisements may not affect users' normal Internet use and Internet pop-up ads must display a "close" sign prominently and ensure one-key closing of the pop-up windows. The SAIC Interim Measures provide that all online advertisements must be marked with the word "Advertisement" so that viewers can easily identify them as such. Moreover, the SAIC Interim Measures treat paid search results as advertisements that are subject to PRC advertisement laws, and requires that paid search results be conspicuously identified on search result pages as advertisements.

The New Advertising Law and SAIC Interim Measures require us to monitor the advertising content shown on our mobile applications to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. However, we cannot assure you that all of the content contained in such advertisements is true and accurate as required by the advertising laws and regulations. For details, please see "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Advertisements on our platform may subject us to penalties and other administrative actions."

Regulations on Intellectual Property Rights

Regulations on Copyright

The *Copyright Law of the PRC*, or the *Copyright Law*, which took effect on June 1, 1991 and was amended in 2001 and in 2020, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The *Copyright Law* as revised in 2001 extends copyright protection to Internet activities and products disseminated over the Internet. In addition, PRC laws and regulations provide for a voluntary registration system administered by the Copyright Protection Center of China, or the CPCC. According to the *Copyright Law*, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also subject to fines and/or administrative or criminal liabilities in severe situations.

The *Computer Software Copyright Registration Measures*, or the *Software Copyright Measures*, promulgated by the National Copyright Administration on April 6, 1992 and amended on May 26, 2000 and February 20, 2002, regulates registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The National Copyright Administration, or the NCA administers software copyright registration and the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which meet the requirements of both the *Software Copyright Measures* and the *Computer Software Protection Regulations (Revised in 2013)*.

The Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes on Infringement of the Information Network Dissemination Rights specifies that disseminating works, performances or audio-video products by the Internet users or the Internet services providers via the Internet without the permission of the copyright owners shall be deemed to have infringed the right of dissemination of the copyright owner.

The *Measures for Administrative Protection of Copyright Related to Internet*, which was jointly promulgated by the NCA and the MII on April 29, 2005 and became effective on May 30, 2005, provides that upon receipt of an infringement notice from a legitimate copyright holder, an ICP operator must take remedial actions immediately by removing or disabling access to the infringing content. If an ICP operator knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement that harms public interest, the ICP operator could be subject to administrative penalties, including an order to cease infringing activities, confiscation by the authorities of all income derived from the infringement activities, or payment of fines.

On May 18, 2006, the State Council promulgated the *Regulations on the Protection of the Right to Network Dissemination of Information* (as amended in 2013). Under these regulations, an owner of the network dissemination rights with respect to written works, performance or audio or video recordings who believes that information storage, search or link services provided by an Internet service provider infringe his or her rights may require that the Internet service provider delete, or disconnect the links to, such works or recordings.

As of the date of this annual report, we have registered 33 software copyrights in the PRC.

Patent Law

According to the *Patent Law of the PRC* (Revised in 2020), the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous regions or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person file different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. A patent is valid for twenty years in the case of an invention and ten years in the case of utility models and designs.

As of the date of this annual report, we have one registered patent in the PRC.

Trademark Law

Trademarks are protected by the *Trademark Law of the PRC* (Revised in 2019) which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019 respectively as well as by the *Implementation Regulations of the PRC Trademark Law* adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office of the State Administration for Market Regulation of the PRC handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights 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.

As of the date of this annual report, we have registered 203 trademarks in the PRC.

Regulations on Domain Names

The MIIT promulgated the *Measures on Administration of Internet Domain Names*, or the *Domain Name Measures* on August 24, 2017, which took effect on November 1, 2017 and replaced the *Administrative Measures on China Internet Domain Names* promulgated by MII on November 5, 2004. According to the *Domain Name Measures*, the MIIT is in charge of the administration of PRC Internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

As of the date of this annual report, we have registered 13 domain names in the PRC.

Regulations on Foreign Exchange and Offshore Investment

Under the *PRC Foreign Currency Administration Rules* promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for 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 not 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 engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Under the Circular of the SAFE on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or the SAFE Circular 37, issued by the SAFE and effective on July 4, 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, or SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment regarding the procedures for SAFE registration under the SAFE Circular 37, which became effective on July 4, 2014 as an attachment of Circular 37.

Under the relevant rules, failure to comply with the registration procedures set forth in the *SAFE Circular 37* may result in restrictions on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations.

Pursuant to the *Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment*, or the *SAFE Circular No. 13*, effective from June 1, 2015, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration, the investors shall register with banks for direct domestic investment and direct overseas investment.

Based on the *SAFE Circular No.13* and other laws and regulations relating to foreign exchange, when setting up a new foreign-invested enterprise, the foreign-invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including without limitation any increase in its registered capital or total investment, the foreign-invested enterprise shall register such changes with the bank located at its registered place after obtaining the approval from or completing the filing with competent authorities. Pursuant to the relevant foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than four weeks upon the acceptance of the registration application.

Regulations on 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, as amended in 2004, 2005, 2013 and 2018, the *Wholly Foreign-owned Enterprise Law* promulgated in 1986 and amended in 2000 and 2016 and its implementation regulations promulgated in 1990 and subsequently amended in 2001 and 2014, the *Sino-Foreign Equity Joint Venture Law of the PRC* promulgated in 1979 and subsequently amended in 1990, 2001 and 2016 and its implementation regulations promulgated in 1983 and subsequently amended in 1986, 1987, 2001, 2011, 2014 and 2019, and the *Sino-Foreign Cooperative Joint Venture Law of the PRC* promulgated in 1988 and amended in 2000, 2016 and 2017 and its implementation regulations promulgated in 1995 and amended in 2014 and 2017. The *Wholly Foreign-owned Enterprise Law*, the *Sino-Foreign Equity Joint Venture Law of the PRC* and the *Sino-Foreign Cooperative Joint Venture Law of the PRC* were replaced by the *Foreign Investment Law* on January 1, 2020. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations on Taxation

Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the *Law of the PRC on Enterprise Income Tax*, or the EIT Law, which was amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council enacted the *Regulations for the Implementation of the Law on Enterprise Income Tax*, which came into effect on January 1, 2008 and was amended in 2019. Under the *EIT Law* and its implementing regulations, both resident enterprises and non-resident enterprises are subject to tax in the PRC. 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 are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management 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 applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishments or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Value-added Tax

The *Provisional Regulations of the PRC on Value-added Tax* were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994, were subsequently amended on November 10, 2008 and came into effect on January 1, 2009 and were most recently amended on February 6, 2016 and November 19, 2017. The *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (Revised in 2011) were promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively, the VAT Law. On November 19, 2017, the State Council promulgated *The Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax*, or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates*, or the Notice, was promulgated on April 4, 2018 and came into effect on May 1, 2018. According to the Notice, the VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the *Relevant Policies Notice on Deepening Reform of VAT Tax*, or Notice 39, which became effective on April 1, 2019. Notice 39 further changes the VAT tax rates of 16% and 10% to 13% and 9%, respectively.

Regulations on Employment and Social Welfare

Labor Contract Law

The *Labor Contract Law of the PRC*, or the *Labor Contract Law*, which took effect on January 1, 2008 and was amended on December 28, 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance and termination of labor contracts. Pursuant to the *Labor Contract Law*, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and the employees. Employers are prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance to national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and shall be paid to employees timely.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, the Unemployment Insurance Measures promulgated on January 22, 1999 and the Social Insurance Law of the PRC implemented on July 1, 2011 and amended on December 29, 2018, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance.

In accordance with the *Regulations on the Management of Housing Fund* which was promulgated by the State Council in 1999 and amended in 2002 and 2019, respectively, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

Employee Stock Incentive Plan

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or Circular 7, which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly-listed overseas company and who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year, subject to a few exceptions, are required to register with SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

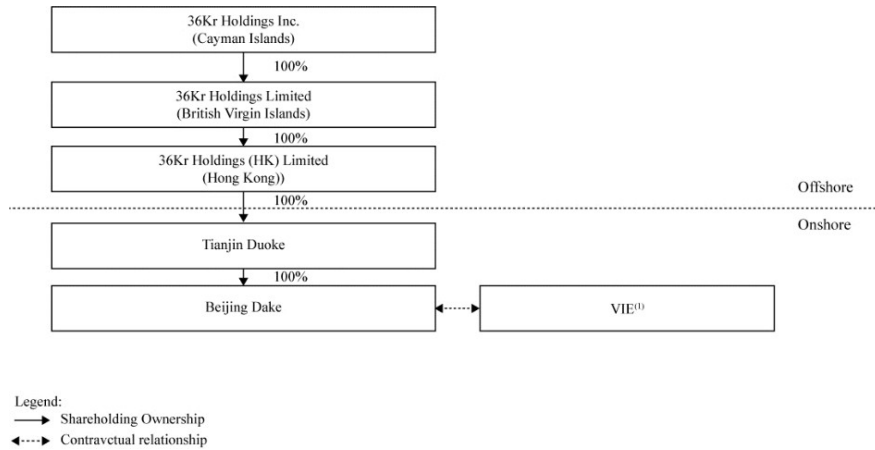
In addition, the State Administration of Taxation (the "SAT") has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock option or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

M&A Rules and Overseas Listing

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the China Securities Regulatory Commission, or the CSRC, promulgated the *Rules on Acquisition of Domestic Enterprises by Foreign Investors*, or the *M&A Rules*, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. The *M&A Rules*, among other things, require that if an overseas company established or controlled by PRC companies or individuals, or PRC Citizens, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the MOFCOM for approval. The *M&A Rules* also requires that an offshore SPV formed for overseas listing purposes and controlled directly or indirectly by the PRC Citizens shall obtain the approval of the CSRC prior to overseas listing and trading of such SPV's securities on an overseas stock exchange.

4.C. Organizational Structure

The chart below summarizes our corporate legal structure and identifies our principal subsidiaries and our VIE, as of the date of this annual report.



(1) The shareholders of Beijing Duoke as of the date of this annual report consist of:

- i. Tianjin Zhanggongzi Technology Partnership (L.P.), holding 62.17% of equity interest;
- ii. Shenzhen Guohong No. 2 Enterprise Management Partnership (L.P.), holding 23.32% of equity interest;
- iii. Ningbo Meishan Baoshui Gangqu Tianhong Lvheng Investment Management Partnership (L.P.), holding 14.51% of equity interest;

Contractual Arrangements with Beijing Duoke

Due to the PRC legal restrictions on foreign ownership of Internet-based businesses, currently we conduct substantially all of our operations in China through our VIE and its subsidiaries. We entered into a series of contractual arrangements, including an exclusive purchase option agreement, powers of attorney, an equity pledge agreement and an exclusive business cooperation agreement, with our VIE and its shareholders. We also entered into substantially the same contractual arrangements with our VIE and its shareholders in September 2019, which have become effective, and have replaced and superseded the prior contractual arrangements.

These contractual arrangements have enabled us to exercise effective control over our VIE, receive substantially all of the economic benefits of our VIE, and have an exclusive option to purchase all or part of the equity interests in our VIE when and to the extent permitted by PRC law. As a result of these contractual arrangements, we are regarded as the primary beneficiary of our VIE, and we accordingly treat them as our consolidated affiliated entities under U.S. GAAP.

The following is a summary of the contractual arrangements entered into by and among Beijing Dake, our VIE and its shareholders in September 2019.

Agreements that provide us with effective control over Beijing Duoke

Exclusive Purchase Option Agreement

Beijing Dake, Beijing Duoke and the VIE shareholders entered into an exclusive purchase option agreement, pursuant to which each of the VIE shareholders irrevocably granted Beijing Dake or its designated representatives an exclusive option to purchase, to the extent permitted under PRC law, all or part of his, her or its equity interests in Beijing Duoke. Beijing Dake or its designated representatives have sole discretion as to when to exercise such options, either in part or in full, once or at multiple times at any time. Without Beijing Dake's prior written consent, the VIE shareholders shall not sell, transfer, mortgage or otherwise dispose of their equity interests in Beijing Duoke, or allow the encumbrance thereon. The agreement will remain effective until all equity interests in Beijing Duoke held by the VIE shareholders are transferred or assigned to Beijing Dake or its designated representatives.

Powers of Attorney

Beijing Dake, Beijing Duoke and the VIE shareholders entered into powers of attorney, pursuant to which each of the VIE shareholders irrevocably appointed Beijing Dake (as well as its successors, including a liquidator, if any, replacing Beijing Dake) or its designated persons to act on their respective behalf as exclusive agent and attorney, to the extent permitted by law, with respect to all rights of shareholders concerning all equity interests held by each of them in Beijing Duoke, including without limitation (i) exercise all the shareholder's rights (including but not limited to voting rights and right to sell, transfer, pledge or dispose of all equity interests in Beijing Duoke held in part or in whole), (ii) to attend shareholders' meetings and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholders, and (iii) to file documents with the relevant companies registry. The agreement will remain effective until Beijing Dake unilaterally terminates the agreement in writing or all equity interests in Beijing Duoke held by the VIE shareholders are transferred or assigned to Beijing Dake or its designated representatives.

Equity Pledge Agreement

Beijing Dake, Beijing Duoke and the VIE shareholders entered into an equity pledge agreement, pursuant to which the VIE shareholders have pledged all of their equity interests in Beijing Duoke that they own, including any interest or dividend paid for the shares, to Beijing Dake as a security interest to guarantee the performance by Beijing Duoke and the VIE shareholders' performance of their respective obligations under the exclusive business cooperation agreement, exclusive purchase option agreement and power of attorney. Upon discovery of the occurrence of any circumstances or event that may lead to an event of default (as defined in the equity pledge agreement), Beijing Dake, as the pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. Beijing Dake is not liable for any loss incurred by its due exercise of such rights and powers. This pledge will become effective on the date the pledged equity interests are registered with relevant office of the State Administration for Market Regulation and will remain effective until the pledgors are no longer the shareholders of Beijing Duoke.

Agreement that allows us to receive economic benefits from our VIE

Exclusive Business Cooperation Agreement

Beijing Dake and Beijing Duoke have entered into an exclusive business cooperation agreement, pursuant to which Beijing Dake has the exclusive right to provide to Beijing Duoke technical support, consulting services and other services related to Beijing Duoke's business, including business management, daily operations, strategic planning, among others. Beijing Dake has granted Beijing Duoke the right to register its intellectual property rights under Beijing Duoke. Beijing Dake has the right to purchase such intellectual property rights from Beijing Duoke at nominal prices. The scope of the services provided by Beijing Dake may be expanded from time to time per Beijing Duoke's request. The timing and amount of the service fee payments shall be determined at the sole discretion of Beijing Dake. The term of this agreement is indefinite unless Beijing Dake unilaterally terminates the agreement in writing.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. If the PRC government finds the agreements that establish the structure do not comply with PRC government restrictions on foreign investment in certain of our businesses, we may be subject to severe penalties including being prohibited from continuing operations. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure— There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that establish the VIE structure for our operations in China, including potential future actions by the PRC government, which could affect the enforceability of our contractual arrangements with the VIE and, consequently, significantly affect the financial condition and results of operations performance of 36Kr. If the PRC government finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in the VIE ” and “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in policies, laws and regulations in China, could adversely affect us.”

4.D. Property, Plant and Equipment

Our principal executive offices are located at 5-6/F, Tower A1, Junhao Central Park Plaza, No. 10 South Chaoyang Park Avenue, Chaoyang District, Beijing, People’s Republic of China. As of December 31, 2021, we leased office spaces in China with an aggregate gross floor area of approximately 7,894 square meters. We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion together with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under “Item 3.D. Risk Factors” and elsewhere in this annual report.

5.A. Operating Results

Major Factors Affecting Our Results of Operations

The following factors are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

Trends in China’s economic conditions and development of China’s New Economy

Our business and results of operations are significantly affected by China’s overall economic conditions and structural transformation, especially the development of China’s New Economy. The development of New Economy in China is affected by factors such as technological advancements, New Economy participant base, entrepreneurial environment, capital investment, regulatory environment and talent pool. A strong growth of China’s New Economy has resulted in, and likely will continue to result in increasing demands for New Economy-focused content and business services. Our content and business services have captured, and are likely to continue to capture, the various market opportunities brought by China’s New Economy development.

Nevertheless, unfavorable changes in China’s overall economy, New Economy and New Economy-focused business services market, especially unfavorable regulations and policies towards New Economy, could negatively affect demand for our services and materially and adversely affect our results of operations. The emerging New Economy in China is still in its early stage of development and there are considerable uncertainties about its future growth. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We are subject to risks associated with operating in the rapidly evolving New Economy sector.”

Our ability to retain and attract New Economy participants on our platform

We have fostered a vibrant and self-reinforcing community of New Economy participants. Our high-quality content offerings generate organic traffic and attract New Economy participants to our platform and become our users and customers, which greatly enhances our ability to generate revenues. Leveraging our established and growing community of New Economy participants, we are able to gain deeper insights into China's New Economy and generate more high-quality content. Leveraging our significant brand appeal among New Economy participants, we are in the process of expanding our service offerings and diversifying our monetization channels, and are well-positioned to better retain and attract more participants onto our platform.

Our ability to effectively control our costs and expenses

Our ability to manage and control our costs and expenses is critical to the success of our business. Leveraging our prominent brand, our traffic and customer acquisition cost has been low. We have also adopted various measures, such as an automated screening system, to enhance operating efficiency and reduce costs and expenses. We expect our costs and expenses to increase in absolute amount as we grow our business while decreasing as a percentage of our total revenues due to enhanced brand value and increased operational efficiency.

Our ability to further diversify our monetization channels and enhance our monetization capabilities

Our financial condition and results of operations depend substantially on our monetization capabilities, including our ability to convert more users to subscribers, attract more customers, cross-sell and increase customer spending.

We endeavor to constantly reinforce our monetization capabilities by providing broader and better content and services, which improves our user and customer experience, attracts more traffic and enhances stickiness. Our robust customer and user base, in turn, leads to increased revenue and profit which enables us to further devote more resources to content and service offerings. We intend to meet our customers' needs throughout their lifecycle and seek additional cross-selling opportunities to achieve synergies among our services.

Seasonality

We experience seasonality in our business, primarily our online advertising services. Advertising and marketing activities tend to be less active during the first quarter, which is Chinese New Year holiday season. During this period, companies generally limit their advertising and marketing spending. As a result, we generally experience fewer activities on our platform and demands for our services during the first quarter. As compared to the first quarter, our online advertising services customers tend to increase advertising and marketing spending near the end of each calendar year. We believe an increase in revenues during the fourth quarter of each year is a typical pattern in the online advertising market. Moreover, as most of our online/offline events are hosted in the fourth quarter of each year, we also experience an increase in revenues during the fourth quarter of each year for our enterprise value-added services. In line with increased revenues during the fourth quarter, we record higher balances of account receivables at year-end. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Our quarterly operating results may fluctuate, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations."

Key Components of Results of Operations***Revenues***

We derive our revenues from: (i) online advertising services; (ii) enterprise value-added services; and (iii) subscription services. The following table sets forth a breakdown of our revenues for the years ended December 31, 2019, 2020 and 2021:

	For the Year Ended December 31,			
	2019	2020	2021	
	RMB'000	RMB'000	RMB'000	US'000
Online advertising services	283,426	172,811	214,722	33,695
Enterprise value-added services	319,469	193,213	74,032	11,617
Subscription services	52,711	20,740	28,025	4,398
Total revenues	655,606	386,764	316,779	49,710

Online advertising services. We offer online advertising services to our customers and generate revenue either on a cost-per-day basis or a cost-per-advertisement basis.

Enterprise value-added services. We offer a variety of enterprise value-added services tailored to our customers, including integrated marketing, online/offline events, consulting services and advertisement agent services. We generally charge our customers on a project basis.

Subscription services. We offer packaged membership benefits to individuals, institutional investors and enterprises. For individual subscriptions services, individuals subscribe for trainings and courses at fixed fees per package. We also offer monthly subscription packages of our paid columns to individual subscribers. For institutional investor subscribers and enterprises, we offer subscription packages for fixed periods.

Cost of Revenues

Our cost of revenues consists of staff costs, advertisement production costs, execution fee of enterprise value-added services, equipment location rental fee and operation costs, impairment of long-lived assets and other costs. The following table sets forth a breakdown of our cost of revenues, in absolute amounts and as percentages of our total cost of revenues for the years ended December 31, 2019, 2020 and 2021:

	For the Year Ended December 31,						
	2019		2020		2021		
	RMB'000	%	RMB'000	%	RMB'000	US\$'000	
Staff costs	46,074	12.1	47,098	18.0	46,146	7,241	35.8
Advertisement production costs	37,934	10.0	29,887	11.4	34,815	5,463	27.0
Execution fee of enterprise value-added services, site fee and cost of online/offline events	247,413	65.0	151,223	57.9	38,270	6,006	29.7
Equipment location rental fee and operation costs	30,383	8.0	10,209	3.9	65	10	0.1
Impairment of long-lived assets	—	—	7,987	3.1	—	—	—
Other costs	18,486	4.9	14,968	5.7	9,548	1,498	7.4
Total cost of revenues	380,290	100.0	261,372	100.0	128,844	20,218	100.0

Staff costs are personnel-related expenses in relation to the content production and share-based compensation expenses. Advertisement production costs are advertising content producing costs, such as video production costs. Execution fee of enterprise value-added services mainly includes advertising resources procurement cost related to integrated marketing services, and various costs in relation to organizing our online/offline events. Impairment of long-lived assets represents the impairment of the interactive marketing dispensers. Other costs mainly include business tax and surcharges, office rental cost, bandwidth and server costs, depreciation, and other miscellaneous costs. We expect our cost of revenues to increase in absolute amount in line with our expansion of business but to decrease as a percentage of our revenues through economies of scale and continuous improvement of operating efficiency.

Operating expenses

Our operating expenses consist of sales and marketing expenses, general and administrative expenses and research and development expenses. The following table sets forth a breakdown of our operating expenses, in absolute amounts and as percentages of our total operating expenses for the years ended December 31, 2019, 2020 and 2021:

	For the Year Ended December 31,						
	2019		2020		2021		
	RMB'000	%	RMB'000	%	RMB'000	US\$	
Sales and marketing expenses	131,301	44.0	140,672	35.8	143,887	22,579	51.0
General and administrative expenses	131,075	44.0	212,411	54.1	90,636	14,223	32.2
Research and development expenses	35,807	12.0	38,232	9.7	47,518	7,457	16.8
Impairment of goodwill	—	—	1,395	0.4	—	—	—
Total operating expenses	298,183	100.0	392,710	100.0	282,041	44,259	100.0

Sales and marketing expenses. Sales and marketing expenses consist primarily of (i) staff expenses, including salaries and sales commissions to sales and marketing personnel and share-based compensation expenses; (ii) marketing and promotional expenses; (iii) rental and depreciation expenses; and (iv) other miscellaneous expenses.

General and administrative expenses. General and administrative expenses consist primarily of (i) staff expenses for employees involved in general corporate functions, including finance, legal and human resources as well as share-based compensation expenses; (ii) associated facilities and equipment costs, such as depreciation, rental and other general corporate related expenses; and (iii) provision of allowance for credit losses.

Research and development expenses. Research and development expenses consist primarily of (i) staff expenses associated with the development of, enhancement to, and maintenance of our online platform and share-based compensation expenses; (ii) technology expenses related to technology procurement device maintenance and testing; and (iii) rental expense and depreciation of servers.

We expect our operating expenses to increase in the foreseeable future as we grow our business but to decrease as a percentage of our revenues through economies of scale and continuous improvement of operating efficiency.

Other Income/(expenses)

Share of loss from equity method investments

Share of loss from equity method investments is related to our equity investments, where we are able to exercise significant influence but do not own a majority equity interest or control in the investee.

Gain on disposal of a subsidiary

Gain on disposal of a subsidiary represents a realized disposal gain associated with the overseas business investment in the fiscal year of 2019.

Short-term investment income

Short-term investment income represents unrealized gains in change of fair value and realized gains in sale of short-term investments.

Government grant

Government grant primarily represents subsidies for operating a business and initial public offering expenditures. These grants are not subject to any specific requirements and are recorded when received.

Others, net

Others, net mainly represent interest income, interest expense and foreign currency exchange gains or losses.

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, payments of dividends and capital in respect of our ordinary shares (and any consequential payments to the holders of our ADSs) will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of dividends or capital to any holder of our ordinary shares or ADSs, nor will gains derived from the disposal of our ordinary shares or ADSs be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

British Virgin Islands

Our subsidiaries incorporated in the British Virgin Islands are not subject to income or capital gains tax under the current laws of the British Virgin Islands. In addition, payment of dividends by the British Virgin Islands subsidiaries to their respective shareholders who are not resident in the British Virgin Islands, if any, is not subject to withholding tax in the British Virgin Islands.

Hong Kong

Our wholly owned subsidiary in Hong Kong, 36Kr Holdings (HK) Limited, is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, a two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

PRC

Our subsidiaries and our VIE in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, respectively, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Beijing Duoke is recognized as an HNTE and is eligible for a 15% preferential tax rate effective through 2020, 2021, and 2022, upon the completion of its filings with the relevant tax authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the relevant authorities in China.

Our PRC subsidiaries are subject to value-added taxes, or VAT, at a rate of 6% on our services, less any deductible VAT we have already paid or borne. They are also subject to surcharges on VAT payments in accordance with PRC law. As a Cayman Islands holding company, we may receive dividends from our PRC subsidiaries. The PRC EIT Law and its implementing rules provide that dividends paid by a PRC entity to a nonresident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In August 2015, the State Administration of Taxation, or SAT, promulgated the Administrative Measures for Nonresident Taxpayers to Enjoy Treatment under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015 and was amended on June 15, 2018. SAT Circular 60 provides that nonresident enterprises are not required to obtain preapproval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, we may be able to benefit from the 5% withholding tax rate for the dividends we receive from our PRC subsidiaries, if we satisfy the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, according to SAT Circular 81 and SAT Circular 60, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a “resident enterprise” under the PRC EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See “Item 3. Key Information—3.D. Risk Factors—Risks Related 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 non-PRC shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.”

Results of Operations

The following table sets forth our consolidated results of operations for the years ended December 31, 2019, 2020 and 2021, both in absolute amounts and as percentages of total revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,			
	2019	2020	2021	
	RMB'000	RMB'000	RMB'000	US\$'000
Revenues:				
Online advertising services	283,426	172,811	214,722	33,695
Enterprise value-added services	319,469	193,213	74,032	11,617
Subscription services	52,711	20,740	28,025	4,398
Total revenues	655,606	386,764	316,779	49,710
Cost of revenues	(380,290)	(261,372)	(128,844)	(20,218)
Gross profit	275,316	125,392	187,935	29,492
Operating expenses:				
Sales and marketing expenses	(131,301)	(140,672)	(143,887)	(22,579)
General and administrative expenses	(131,075)	(212,411)	(90,636)	(14,223)
Research and development expenses	(35,807)	(38,232)	(47,518)	(7,457)
Impairment of goodwill	—	(1,395)	—	—
Total operating expenses	(298,183)	(392,710)	(282,041)	(44,259)
Loss from operations	(22,867)	(267,318)	(94,106)	(14,767)
Other income/(expenses) :				
Share of loss from equity method investments	—	(23,502)	(5,473)	(859)
Gain on disposal of a subsidiary	11,454	—	—	—
Short-term investment income	4,115	1,859	2,485	390
Government grant	497	10,103	3,304	518
Others, net	783	3,280	3,283	515
Loss before income tax	(6,018)	(275,578)	(90,507)	(14,203)
Income tax expense	(19,893)	(3,764)	(102)	(16)
Net loss	(25,911)	(279,342)	(90,609)	(14,219)

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenues

Our revenues decreased by 18.1% from RMB386.8 million in 2020 to RMB316.8 million (US\$49.7 million) in 2021.

Revenues from online advertising services

Our revenues generated from online advertising services increased by 24.3% from RMB172.8 million in 2020 to RMB214.7 million (US\$33.7 million) in 2021. The increase was primarily attributable to more innovative marketing solutions provided to customers. The number of advertising customers and the average revenue per advertising customer both increased in 2021.

Revenues from enterprise value-added services

Our revenues generated from enterprise value-added services decreased by 61.7% from RMB193.2 million in 2020 to RMB74.0 million (US\$11.6 million) in 2021. The decrease was primarily because we continuously shifted our focus towards higher margin businesses and starting from the first quarter of 2021, we ceased to act as a principal in certain low gross margin businesses and only acted as an agent. As a result, revenues of such businesses were recognized on a net basis from the first quarter of 2021 onward. To increase comparability of operating results and help investors better understand our business performance and operating trends, we introduced gross transaction value as a supplemental metric to describe our business. Gross transaction value of enterprise value-added services was RMB217.2 million in 2021, compared to RMB193.2 million in 2020.

Revenues from subscription services

Our revenues generated from subscription services increased by 35.1% from RMB20.7 million in 2020 to RMB28.0 million (US\$4.4 million) in 2021. The increase was primarily attributable to our continuous efforts to offer high-quality subscription products to our subscribers.

Cost of Revenues

Our cost of revenues decreased by 50.7% from RMB261.4 million in 2020 to RMB128.8 million (US\$20.2 million) in 2021. The decrease was primarily attributable to our continuous shift in focus towards higher margin businesses and recognition of certain revenues on a net basis.

Gross Profit

As a result of the foregoing, our gross profit increased by 49.9% from RMB125.4 million in 2020 to RMB187.9 million (US\$29.5 million) in 2021. Gross profit margin increased from 32.4% in 2020 to 59.3% in 2021.

The increase was primarily due to our continuous shift in focus towards higher margin businesses as well as our improved operating efficiency in fiscal year 2021. In particular, starting from 2021, the Group ceased to act a principal and recognized the revenue on a gross basis of the integrated marketing service. The Group started acting as an agent in the advertisement agent service to coordinate and procure the third-party advertisement resources on behalf of its customer based on the purchase orders from the customers. The Group recognize the revenues on a net basis. Such change of business model led to the increase of the gross profit margin.

Operating expenses

Our total operating expenses decreased by 28.2% from RMB392.7 million in 2020 to RMB282.0 million (US\$44.3 million) in 2021. The decrease was mainly due to the decrease in general and administrative expenses, partially offset by the increase in sales and marketing expenses and research and development expenses.

Sales and marketing expenses

Our sales and marketing expenses increased by 2.3% from RMB140.7 million in 2020 to RMB143.9 million (US\$22.6 million) in 2021. The increase was primarily attributable to the increase in payroll-related expenses, partially offset by the decrease in share-based compensation expenses and marketing expenses.

General and administrative expenses

Our general and administrative expenses decreased by 57.3% from RMB212.4 million in 2020 to RMB90.6 million (US\$14.2 million) in 2021. The decrease was primarily attributable to the release of the allowance for credit losses and the decrease of share-based compensation expenses, partially offset by the increase in payroll-related expenses. The release of allowance for credit losses was mainly due to improved collection of accounts receivable, as we continuously increase our efforts in accounts receivable collection.

Research and development expenses

Our research and development expenses increased by 24.3% from RMB38.2 million in 2020 to RMB47.5 million (US\$7.5 million) in 2021. The increase was primarily attributable to the increase in payroll-related expenses as we bolstered our research and development capabilities.

Other income/(expenses)

Our other expenses were RMB3.6 million (US\$0.6 million) in 2021, compared to an income of RMB8.3 million in 2020. The fluctuation was primarily attributable to less losses recognized from equity method investments in 2021.

Income tax expenses

Our income tax expenses were RMB102 thousand (US\$16 thousand) in 2021, compared to RMB3.8 million in 2020. The decrease was primarily attributable to additional allowance for deferred tax assets provided in 2020.

Net loss

As a result of the foregoing, our net loss was RMB90.6 million (US\$14.2 million) in 2021, compared to RMB279.3 million in 2020.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

See “Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Results of Operations—Year Ended December 31, 2020 Compared to Year Ended December 31, 2019” of our annual report on Form 20-F filed with the SEC on April 29, 2021.

Non-GAAP Financial Measures

In evaluating our business, we consider and use two non-GAAP measures, adjusted net income/(loss) and adjusted EBITDA, as supplemental measures to review and assess our operating performance. The presentation of these two non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define adjusted net income/(loss) as net income/(loss) excluding share-based compensation. We define adjusted EBITDA as adjusted net income/(loss) before interest income, interest expenses, income tax expense/(credit), depreciation of property and equipment and amortization of intangible assets. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of these non-GAAP measures facilitates investors’ assessment of our operating performance.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

We compensate for these limitations by reconciling these non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

The following table reconciles our adjusted net income/(loss) and adjusted EBITDA in 2019, 2020 and 2021 to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which is net income/(loss).

	For the Year Ended December 31,			
	2019	2020	2021	
	RMB'000	RMB'000	RMB'000	US\$'000
Net loss	(25,911)	(279,342)	(90,609)	(14,219)
Share-based compensation expenses	91,171	39,277	15,018	2,357
Non-GAAP adjusted net income/(loss)	65,260	(240,065)	(75,591)	(11,862)
Interest income, net	(292)	(1,535)	(903)	(142)
Income tax expense	19,893	3,764	102	16
Depreciation and amortization expenses	4,231	5,598	2,659	417
Non-GAAP adjusted EBITDA	89,092	(232,238)	(73,733)	(11,571)

Recently Issued Accounting Pronouncements

A list of recent relevant accounting pronouncements is included in Note 3 “Recently Issued Accounting Pronouncements” of our consolidated financial statements, which are included elsewhere in this annual report.

5.B. Liquidity and Capital Resources

Liquidity and Capital Resources

Cash flows and working capital

Our principal sources of liquidity have been cash generated from historical equity financing activities. As of December 31, 2021, we had RMB97.0 million (US\$15.2 million) in cash and cash equivalents. Our cash and cash equivalents consist of cash on hand and demand deposits or other highly liquid investments placed with banks or other financial institutions which are unrestricted as to withdrawal and use and have original maturities of less than three months. Our cash and cash equivalents are primarily denominated in Renminbi and U.S. dollars, including (i) RMB64.6 million (US\$10.1 million) denominated in Renminbi and held in the PRC by our subsidiaries, our VIE and its subsidiaries and (ii) RMB32.4 million (US\$5.1 million) denominated in U.S. dollar and held in the Cayman Islands by the parent company. As of December 31, 2021, we had RMB119.1 million (US\$18.7 million) in short-term investments, all of which were denominated in Renminbi and held in the PRC by our subsidiary, VIE and VIE's subsidiaries. We believe that our current cash and cash equivalents and short-term investment will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months.

Our accounts receivable, net was RMB180.2 million (US\$28.3 million) as of December 31, 2021, compared to RMB304.8 million as of December 31, 2020. Accounts receivable are generally on terms between 90 to 270 days. In some cases, these terms are extended for certain qualifying long-term customers who have met specific credit requirements. As of December 31, 2021, accounts receivable amounted to RMB129.4 million (US\$20.3 million) has been derived from the advertisement agent services that mentioned in "Item 4. Information on the Company—4.B. Business Overview—Our Business Services". For the year ended December 31, 2021, we put more efforts on accounts receivable collection and collected significant amount to keep a healthy cashflow of daily operation.

We intend to finance our future working capital requirements and capital expenditures from cash generated from operating activities and funds raised from financing activities, including the net proceeds we received from our initial public offering in November 2019. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to issue debt or equity securities or obtain additional credit facilities. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. Issuance of additional equity securities or equity-linked securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders.

As a holding company with no material operations of our own, we conduct our operations primarily through our PRC subsidiaries and consolidated VIE in China. We are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries in China through capital contributions or loans, subject to the approval of government authorities and limits on the amount of capital contributions and loans. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our initial public offering to make loans to our PRC subsidiary and our VIE, or to make additional capital contributions to our PRC subsidiary." and "Item 14. Material Modifications To The Rights Of Security Holders And Use Of Proceeds—14.E. Use of Proceeds." The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—We may rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries to fund offshore cash and financing requirements. Any limitation on the ability of our operating subsidiaries to make payments to us could have a material and adverse impact on our ability to operate our business." and "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits."

The following table sets forth a summary of our cash flows for the years ended December 31, 2019, 2020 and 2021:

	For the Year Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
		(in thousands)		
Net cash (used in) /provided by operating activities	(158,937)	(17,125)	194,961	30,595
Net cash (used in) /provided by investing activities	9,885	(64,289)	(157,997)	(24,794)
Net cash provided by/(used in) financing activities	278,337	(32,837)	(23)	(4)
Effect of exchange rate changes on cash, cash equivalents and restricted cash held in foreign currencies	(376)	(2,780)	(822)	(129)
Net increase/(decrease) in cash, cash equivalents and restricted cash	128,909	(117,031)	36,119	5,668
Cash, cash equivalents and restricted cash at beginning of the year	48,968	177,877	60,846	9,548
Cash, cash equivalents and restricted cash at end of the year	177,877	60,846	96,965	15,216

Operating activities

Net cash provided by operating activities was RMB195.0 million (US\$30.6 million) in 2021. In 2021, the difference between our net cash provided by operating activities and our net loss of RMB90.6 million (US\$14.2 million) was mainly due to a decrease in the accounts receivable as cash collection increased in the fiscal year of 2021 compared to fiscal year of 2020, and the increase of RMB9.8 million in allowance for credit losses.

Net cash used in operating activities was RMB17.1 million in 2020. In 2020, the difference between our net cash used in operating activities and our net loss of RMB279.3 million was mainly due to an increase of RMB127.1 million in allowance for doubtful accounts, and partially offset by the decrease in the accounts receivable as cash collection increased in the fiscal year of 2020 compared to fiscal year of 2019.

Investing activities

Net cash used in investing activities was RMB158.0 million (US\$24.8 million) in 2021, which was attributable to (i) paid on behalf of the customer in relation to advertisement agent services, (ii) investment in long-term investments of RMB31.0 million, and (iii) net proceeds and purchase of short-term investments of RMB29.9 million.

Net cash used in investing activities was RMB64.3 million in 2020, which was attributable to (i) purchase of short-term investments and time deposits, and (ii) purchase of property and equipment of RMB2.2 million.

Net cash used in investing cashflow amounted to RMB152.7 million in 2021, which was related to the advertisement agent services that mentioned in “Item 4. Information on the Company—4.B. Business Overview—Our Business Services”

Financing activities

Net cash used in financing activities was RMB23 thousand (US\$4 thousand) in 2021, and was mainly attributable to (i) share repurchase of RMB5.8 million, and partially offset by (ii) net proceeds and repayments of bank loan of RMB5.0 million.

Net cash used in financing activities was RMB32.8 million in 2020, and was mainly attributable to (i) we paid RMB21.6 million issuance cost related with initial public offering, and (ii) RMB11.7 million in share repurchase.

Material Cash Requirements

Our material cash requirements as of December 31, 2021 and any subsequent interim period primarily include our capital expenditures and operating lease commitments. Other than those as discussed below, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2021. We did not have future minimum capital commitments as of December 31, 2019 and 2020 and 2021.

Capital Expenditures

Our capital expenditures are incurred primarily in connection with purchases of equipment and intangible assets, and leasehold improvements. Our capital expenditures were RMB4.8 million, RMB2.4 million and RMB2.2 million (US\$0.3 million) in 2019, 2020 and 2021, respectively. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our initial public offering in November 2019. We will continue to make capital expenditures to meet the expected growth of our business.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2021:

	Payment due by period			
	Total	2022	2023	2024 and Thereafter
		(RMB in thousands)		
Operating lease commitment ⁽¹⁾	17,361	16,718	429	214

Notes:

(1) Operating lease commitment consists of the commitments under the lease agreements for our office premises.

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Holding Company Structure

36Kr Holdings Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries and VIE and its subsidiaries. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. In accordance with PRC company laws, our VIE and its subsidiaries in China must make appropriations from their after-tax profit to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our VIE. Appropriation to discretionary surplus fund is made at the discretion of our VIE. Pursuant to the law applicable to China's foreign investment enterprise, our subsidiaries that are foreign investment enterprise in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriations to the other two reserve funds are at our subsidiary's discretion.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fund raising activities to our PRC subsidiaries only through loans or capital contributions, and to our consolidated affiliated entity only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our initial public offering to make loans to our PRC subsidiary and our VIE, or to make additional capital contributions to our PRC subsidiary.” for details. As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries and our consolidated VIE when needed. Notwithstanding the foregoing, our PRC subsidiaries and our consolidated VIE may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to our consolidated affiliated entity either through entrustment loans from our PRC subsidiaries to our VIE or direct loans to such consolidated affiliated entity’s nominee shareholders, which would be contributed to the consolidated variable entity as capital injections. Such direct loans to the nominee shareholders would be eliminated in our consolidated financial statements against the consolidated affiliated entity’s share capital.

5.C. Research and Development, Patents and Licenses, etc.

We have focused on and will continue to invest in our technology system. Our research and development expenses were RMB35.8 million, RMB38.2 and RMB47.5 million (US\$7.5 million) in 2019, 2020 and 2021 respectively. As of December 31, 2021, we had 93 employees dedicated to research and development. Our research and development team primarily consists of senior software engineers and IT infrastructure architects. See “Item 4. Information on the Company—4.B. Business Overview—Technologies.”

5.D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2021 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial condition.

5.E. Critical Accounting Estimates

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period-to-period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our board of directors. In addition, there are other items within our financial statements that require estimation but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, please see Note 2 “Significant Accounting Policies” to our consolidated financial statements for the year ended December 31, 2021 for more information on our critical accounting policies. You should read the following description of critical accounting estimates in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Allowance for credit losses

The allowance for credit losses represents our estimate of the expected lifetime credit losses inherent in receivables as of the balance sheet date. The adequacy of our allowance for credit losses is assessed quarterly, and the assumptions and models used in establishing the allowance are evaluated regularly. Because credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about uncertain matters. Changes in assumptions affect *general and administrative expenses* on our consolidated statements of comprehensive income/(loss) and the allowance for credit losses contained within *accounts receivable, net* and *prepayments and other current assets* on our consolidated balance sheets. See Note 2 “Significant Accounting Policies” to our consolidated financial statements for more information regarding allowance for credit losses.

Nature of Estimates. We estimate the allowance for credit losses for receivables that share similar risk characteristics on a pool basis, mainly based on past collection experience as well as consideration of current and future economic conditions and changes in our collection trends.

Assumptions Used. The key assumptions used in the process of estimating the allowance for credit losses include portfolio composition, loss severity and recoveries, and application of macroeconomic forecasts.

Sensitivity Analysis. Changes in the assumptions of loss severity and recoveries would affect the allowance for credit losses. The effect of the indicated increase/decrease in the assumptions is as follows (in RMB'000):

Assumption	Basis Point Change	(Decrease)/Increase
Loss severity and recoveries	+/- 100 bps	(6,908)/2,804

Provision of income tax and valuation allowance for deferred tax asset

Significant judgment is required in determining income tax expense based on tax laws in the various jurisdictions in which we operate. These tax laws and regulations are complex and involve uncertainties in the application to our facts and circumstances that may be open to interpretation. In calculating our effective income tax rate, estimates are required regarding the timing and amount of taxable and deductible items which will adjust the pre-tax income earned in various tax jurisdictions. Through our interpretation of local tax regulations, adjustments to pretax income for income earned in various tax jurisdictions are reflected within various tax filings. Although we believe that our estimates and judgments discussed herein are reasonable, actual results may be materially different than the estimated amounts.

We must also assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income and reduce the carrying amount of deferred tax assets by recording a valuation allowance if, based on all available evidence, it is more likely than not that all or a portion of such assets will not be realized. This assessment, which is completed on a taxing jurisdiction basis, takes into account various types of evidence, including the following:

- *Nature, frequency, and severity of current and cumulative net operating losses.* A pattern of objectively measured recent net operating losses is heavily weighted as a source of negative evidence. We generally consider cumulative pre-tax losses in the three-year period ending with the current quarter to be significant negative evidence regarding future profitability. We also consider the strength and trend of earnings, as well as other relevant factors. In certain circumstances, historical information may not be as relevant due to changes in our business operations;
- *Sources of future taxable income.* Future reversals of existing temporary differences are heavily weighted sources of objectively verifiable positive evidence. Projections of future taxable income exclusive of reversing temporary differences are a source of positive evidence only when the projections are combined with a history of recent profits and can be reasonably estimated. Otherwise, these projections are considered inherently subjective and generally will not be sufficient to overcome negative evidence that includes relevant cumulative losses in recent years, particularly if the projected future taxable income is dependent on an anticipated turnaround to profitability that has not yet been achieved. In such cases, we generally give these projections of future taxable income no weight for the purposes of our valuation allowance assessment; and
- *Tax planning strategies.* If necessary and available, tax planning strategies could be implemented to accelerate taxable amounts to utilize expiring carryforwards. These strategies would be a source of additional positive evidence and, depending on their nature, could be heavily weighted.

In assessing the realizability of deferred tax assets, we consider the trade-offs between cash preservation and cash outlays to preserve tax credits. However, the ultimate realization of our deferred tax assets is subject to a number of variables, including our future profitability within relevant tax jurisdictions, and future tax planning and the related effects on our cash and liquidity position. Accordingly, our valuation allowances may increase or decrease in future periods.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Dagang Feng	43	Chief Executive Officer, Co-chairman of the Board of Directors
Chengcheng Liu	33	Founder, Co-chairman of the Board of Directors
Yang Li	45	Chief Content Officer, Director
Hao Lan	40	Director
Yifan Li	54	Independent Director
Hendrick Sin	47	Independent Director
Peng Su	42	Independent Director
Lin Wei	44	Chief Financial Officer

Dagang Feng has served as our chief executive officer and the co-chairman of our board of directors since August 2019. Mr. Feng has served as Beijing Duoke's chief executive officer since December 2016 and its director since August 2018, and is responsible for the overall business strategies and operation. Mr. Feng has also served as a director at Xieli Zhucheng since September 2016. Mr. Feng has over 10 years of managerial experience and over 15 years of expertise in media and investment sectors. Before joining us, Mr. Feng served as a senior investment manager at Matrix Partners China from 2012 to 2016, where he primarily focused on investments in Internet and technology sectors. Prior to that, Mr. Feng co-founded YiMagazine, previously known as CBNweekly which is sponsored by Shanghai Oriental Media Group, a leading business magazine in China, where he served as the associate chief editor and the general manager of marketing department from 2007 and 2012. Before YiMagazine, Mr. Feng was a senior journalist at ChinaByte.com, an IT-focused vertical portal based in China, from 2005 to 2007, and a senior journalist at the Economic Observer, one of China's most influential economic-focused newspapers in China, from 2003 to 2005, respectively. Mr. Feng currently serves as a board member of several private companies. Mr. Feng received his bachelor's degree in economics from Dalian Maritime University in 2002, and a post-graduate diploma in journalism and communication from Tsinghua University in 2017.

Chengcheng Liu has served as the co-chairman of our board of directors since August 2019. Mr. Liu founded our 36Kr.com website in 2010 and has served as chairman of board of directors of Beijing Duoke since its incorporation. Since the inception of our 36Kr, Mr. Liu has been the key architect of our success and has led us to achieve a number of our milestones and transformations, and he has accumulated extensive knowledge and expertise in the New Economy sector as well as rich experience in managing our company. Mr. Liu was named by *Forbes* as one of China's "30 Under 30" in 2013, a list of top Chinese entrepreneurs under the age of 30. Mr. Liu currently serves as a board member of several private companies. Mr. Liu received his bachelor's degree in communication engineering from Beijing University of Posts and Telecommunications in 2010 and his master's degree in data mining from University of Chinese Academy of Sciences in 2014.

Yang Li has served as our chief content officer since August 2019, and our director since June 2020. Ms. Li has served as Beijing Duoke's chief content officer since September 2016 and is responsible for the content creation for our platform. Ms. Li has extensive experience in the media sector. Prior to joining us, Ms. Li served at YiMagazine, previously known as CBNweekly which is sponsored by Shanghai Oriental Media Group, a leading business magazine in China, where she joined as a founding member, and held various positions, including the chief editor of the magazine and the chief commentator for an editorial column called the Observer from 2008 to 2016. Before YiMagazine, Ms. Li served as a journalist at China Internet Weekly magazine and China Information World newspaper. Ms. Li received a bachelor's degree in computer science from Shenyang University of Technology in 1999, a bachelor's degree in editing and publishing science from Tsinghua University in 2005, and a post-graduate diploma in integrated and practicing management from Hong Kong University in 2016.

Hao Lan has served as our director since April 2021. Mr. Lan joined 36Kr in 2018, currently serves as a vice president, overseeing business development in domestic regions and services for local municipalities. Mr. Lan has over 10 years of experience in operational management. Prior to joining 36Kr, he held various positions at Sina.com, Auto China and Bitauto.com. Mr. Lan received his bachelor's degree in Computer Science from Shandong University of Technology in 2004.

Yifan Li has served as our independent director since November 2019. Mr. Li has served as Chief Financial Officer at Human Horizons Group Inc. since April 2021. Mr. Li has served as vice president at Zhejiang Geely Holding Group Company Ltd since September 2014, and also served as its chief financial officer during September 2014 to September 2016. The primary business of Zhejiang Geely Holding Group Company Ltd is designing, engineering and manufacturing automobile. Mr. Li's responsibilities include corporate financial and risk management, investment, new business initiatives, etc. Mr. Li is also currently a director of a number of companies, including Xinyuan Real Estate Co., Ltd., a real estate developer listed on the NYSE, Qudian Inc., an online credit products provider listed on the NYSE, and Sunlands Technology Group, an education company listed on the NYSE. Mr. Li is a certified public accountant in the United States. Mr. Li received his MBA from the University of Chicago Booth School of Business in 2000, his master's degree in accounting from University of Texas at Dallas in 1994, and his bachelor's degree in economics from Fudan University in 1989.

Hendrick Sin has served as our independent director since November 2019. Mr. Sin has approximately 22 years of experience in corporate management, finance and investment banking. Mr. Sin is a director of China Prosperity Capital Alpha Limited, Evergreen Products Group Limited and a founder of China Prosperity Capital Mobile Internet Fund, L.P. Mr. Sin is a co-founder and the vice chairman of CMGE Technology Group Limited, a leading mobile game company in China. Mr. Sin graduated from Stanford University in 1997 with a master's degree in engineering-economic systems and operations research, and received three bachelor's degrees in computer science/mathematics, economics and industrial management with honors from Carnegie Mellon University in 1996. Mr. Sin is the president of the Hong Kong Internet Professional Association and the executive vice-chairman of the Hong Kong Software Industry Association. Mr. Sin has been appointed as a member of the fourteenth session of Tianjin Municipal's Committee of Chinese People's Political Consultative Conference. Mr. Sin has also been appointed by the Hong Kong Government as a committee member of the Youth Development Commission and a director of Hong Kong Cyberport Management Company Limited.

Peng Su has served as our independent director since November 2019. Mr. Su has served as Youdao's vice president since March 2019. Prior to joining Youdao, Mr. Su worked at the New York Stock Exchange (China) for over 12 years in various roles, including its representative and later its chief representative. Mr. Su received his master's degree from North Carolina State University.

Lin Wei has served as our chief financial officer since November 2021. Ms. Wei joined 36Kr in May 2021 as Vice President of Finance and Capital Markets, in charge of the Company's financial management, financial reporting, investor relations and financing activities. Before joining 36Kr, Ms. Wei served as Head of Investor Relations at iQIYI, Inc., a NASDAQ listed company, from 2017 to 2020. Prior to that, Ms. Wei served in various positions at several NASDAQ and NYSE listed companies including Sohu.com Limited, The9 Limited, Shanda Interactive Entertainment Limited and Link Motion Inc. Ms. Wei received her bachelor's degree in Economics from Renmin University of China.

6.B. Compensation

Compensation

For the fiscal year ended December 31, 2021, we paid an aggregate of RMB9.8 million (US\$1.5 million) in cash to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and our variable interest entity are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For share incentive grants to our directors, executive officers and employees, see "—Share Incentive Plan."

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Pursuant to these employment agreements, each of our executive officers is employed for a specified time period, which will be renewed automatically unless a notice of non-renewal is given. We may terminate an executive officer's employment for cause at any time without advance notice in certain events and may terminate an executive officer's employment by giving a prior written notice and paying certain compensation. An executive officer may terminate his or her employment at any time by giving a prior written notice. Under these employment agreements, each executive officer agrees to hold, unless expressly consented to by us, at all times during and after the termination of his or her employment agreement, in strict confidence and not to use, any of our confidential information or the confidential information of our customers and suppliers. In addition, under these agreements, each executive officer agrees to be bound by certain non-competition restrictions during the term of his or her employment and for two years following the last date of employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against all liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company to the fullest extent permitted by law with certain limited exceptions.

Share Incentive Plan

Xieli Zhucheng adopted a share incentive plan in 2014 and Beijing Duoke adopted a share incentive plan in 2016, which we refer to as the 2014 Share Incentive Plan and 2016 Share Incentive Plan, respectively. In September 2019, 36Kr Holdings Inc. adopted a share incentive plan, which we refer to as the 2019 Share Incentive Plan. The 2014 Share Incentive Plan and 2016 Share Incentive Plan were canceled concurrently upon the adoption of the 2019 Share Incentive Plan, and each participant of the 2014 Share Incentive Plan and 2016 Share Incentive Plan received corresponding grants of options under the 2019 Share Incentive Plan. As of the date of this annual report, the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2019 Share Incentive Plan is 162,186,000. As of the date of this annual report, awards to purchase 94,745,805 ordinary shares under the 2019 Share Incentive Plan have been granted and outstanding.

The following paragraphs summarize the terms of our 2019 Share Incentive Plan.

Types of Awards. Our 2019 Share Incentive Plan permits awards of share options.

Plan Administration. Our 2019 Share Incentive Plan shall be administered by Dagang Feng.

Grant Letter. Awards granted under our 2019 Share Incentive Plan are evidenced by a grant letter that sets forth terms, conditions and limitations for each award.

Exercise Price. The plan administrator determines the purchase price or exercise price for each award, subject to the conditions set forth in our 2019 Share Incentive Plan.

Eligibility. We may grant awards to any director, employee or business associate who the plan administrator, in his or her sole discretion, has contributed or will contribute to the Company.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the grant letter.

Transfer Restrictions. Options may not be assignable or transferable, except as otherwise provided in the 2019 Share Incentive Plan.

Termination and Amendment. The 2019 Share Incentive Plan shall be valid and effective for ten years commencing from its adoption. The board of directors, or the Company by resolution of the shareholders, may at any time terminate the operation of the 2019 Share Incentive Plan, after which period no further options will be granted but the provisions of the 2019 Share Incentive Plan shall remain in force to the extent necessary to give effect to the exercise of any options which are granted during the life of the 2019 Share Incentive Plan or otherwise as may be required in accordance with the provisions of the 2019 Share Incentive Plan. The board of directors may amend any of the provisions of the 2019 Share Incentive Plan at any time, but not so as to affect adversely any rights which have accrued to any grantee at that date.

The following table summarizes, as of the date of this annual report, the outstanding options that were granted to our directors and executive officers under the 2019 Share Incentive Plan:

Name	Ordinary Shares Underlying Outstanding Options Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Dagang Feng	32,246,622	Nominal	September 7, 2019 and December 19, 2021	September 7, 2029 and December 19, 2031
Yang Li	*	Nominal	September 7, 2019 and June 19, 2021	September 7, 2029 and June 19, 2031
Hao Lan	*	Nominal	September 7, 2019, June 19, 2021 and September 7, 2021	September 7, 2029, June 19, 2031 and September 7, 2031
Lin Wei	*	Nominal	June 19, 2021	June 19, 2031

Notes:

* Less than 1% of our total outstanding ordinary shares.

As of the date of this annual report, our employees other than members of our senior management as a group hold options to purchase 72,286,240 ordinary shares, with exercise price US\$0.0001 per share.

For discussions of our accounting policies and estimates for awards granted pursuant to the 2019 Share Incentive Plan, see Note 2 “Significant Accounting Policies” and Note 16 “Share-based Compensation” to our consolidated financial statements.

6.C. Board Practices

Board of Directors

Our Board of Directors consists of seven directors, including three independent directors, namely Yifan Li, Hendrick Sin and Peng Su. A director is not required to hold any shares in our company to qualify to serve as a director. The Listing Rules of the Nasdaq generally require that a majority of an issuer’s board of directors must consist of independent directors. However, the Listing Rules of the Nasdaq permit foreign private issuers like us to follow “home country practice” in certain corporate governance matters. As of the date of this annual report, Dagang Feng controls a majority of our total voting power, and as such, we are a “controlled company” as defined under the Nasdaq Stock Market Rules. For so long as we remain a controlled company under that definition, we are also permitted to elect to rely on certain exemptions from corporate governance rules. We rely on the “home country practice” and the “controlled company” exemptions from the requirement that a majority of our board of directors must be independent directors, and the requirement that our board of directors have a compensation committee and nominating and corporate governance committee composed entirely of independent directors.

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he or she is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he/she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he/she may be interested therein (subject to any separate requirement for audit committee approval under the applicable law or Nasdaq rules, and unless disqualified by the chairman of the relevant board meeting) and if he/she does so, his/her vote shall be counted and he/she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

Committees of the Board of Directors

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under our Board of Directors. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Yifan Li, Hendrick Sin and Peng Su, and is chaired by Yifan Li. We have determined that each of Yifan Li, Hendrick Sin and Peng Su satisfies the "independence" requirements of Rule 5605(c) (2) of the Listing Rules of the Nasdaq and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Yifan Li qualifies as an "audit committee financial expert," as set forth under the applicable rules of the SEC. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor;
- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors at least annually;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- discussing with our independent auditor, among other things, the audits of the financial statements, including whether any material information should be disclosed, issues regarding accounting and auditing principles and practices;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any special steps taken to monitor and control major financial risk exposures;
- approving annual audit plans, and undertaking an annual performance evaluation of the internal audit function; and
- meeting separately and periodically with management and the independent registered public accounting firm.

Compensation Committee. Our compensation committee consists of Dagang Feng and Hendrick Sin, and is chaired by Dagang Feng. We have determined that Hendrick Sin satisfies the "independence" requirements of Rule 5605(c) (2) of the Listing Rules of the Nasdaq. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- overseeing the development and implementation of compensation programs in consultation with our management;
- at least annually, reviewing and approving, or recommending to the board for its approval, the compensation for our executive officers;
- at least annually, reviewing and recommending to the board for determination with respect to the compensation of our non-executive directors;
- at least annually, reviewing periodically and approving any incentive compensation or equity plans, programs or other similar arrangements;
- reviewing executive officer and director indemnification and insurance matters; and

- overseeing our regulatory compliance with respect to compensation matters, including our policies on restrictions on compensation plans and loans to directors and executive officers.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Dagang Feng, Peng Su and Yang Li, and is chaired by Dagang Feng. We have determined that Peng Su satisfies the “independence” requirements of Rule 5605(c) (2) of the Listing Rules of the Nasdaq. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience, expertise, diversity and availability of service to us;
- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or Nasdaq rules, or otherwise considered desirable and appropriate;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself; and
- evaluating the performance and effectiveness of the board as a whole.

Duties and Functions of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the care, diligence and skills that a reasonable prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others, (i) convening shareholders’ annual and extraordinary general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends and distributions, (iii) appointing officers and determining their terms of offices and responsibilities, (iv) approving the transfer of shares of our company, including the registering of such shares in our share register, and (v) exercising the borrowing powers of our company and mortgaging the property of our company.

Terms of Directors and Officers

Our officers may be appointed by and serve at the discretion of the board. The Company may by ordinary resolution appoint any person to be a director. Each director is not subject to a term of office and holds office until such time as his successor takes office or until the earlier of his death, resignation or removal from office by an ordinary resolution of the shareholders of the Company or the affirmative vote of no less than two-thirds of the other directors present and voting at a board meeting. A director’s office shall also be vacated if, among other things, the director (i) resigns his office by notice in writing to the company; (ii) dies, becomes bankrupt or makes any arrangement or composition with his creditors; (iii) is found to be or becomes of unsound mind; (iv) is prohibited by law or Nasdaq rules from being a director; or (v) is removed from office pursuant to our third amended and restated articles of association.

Board Diversity Matrix

Board Diversity Matrix (As of the date of this annual report)				
Country of Principal Executive Offices:	People's Republic of China			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	7			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	6	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	-			
LGBTQ+	-			
Did Not Disclose Demographic Background	-			

6.D. Employees

As of December 31, 2019, 2020 and 2021, we had a total of 525, 522 and 572 employees, respectively. Substantially all of our employees are located in China. The following table sets forth the breakdown of our full-time employees as of December 31, 2021 by function:

Function/Department	Number of Employees	% of Total
Content and operations	147	25.7
Sales and marketing	247	43.2
Research and development	95	16.6
General and administration	83	14.5
Total	572	100.0

We enter into standard labor contracts with our employees, and additionally, we enter into confidentiality and non-compete agreements with our key employees. In addition to salaries and benefits, we provide commission-based compensation to our sales and marketing force and performance-based bonuses to other full-time employees.

Under PRC law, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based full-time employees, including pension, unemployment insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-based full-time employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—The enforcement of the PRC Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and results of operations."

We believe we offer our employees competitive compensation packages and a merit-based work environment that encourages initiatives. We believe our brand reputation, corporate culture and selection and training system also contribute to attracting and retaining our employees. As a result, we are generally able to attract and retain qualified personnel and maintain a stable core management team.

We maintain a good working relationship with our employees, and as of the date of this annual report, we have not experienced any material labor disputes. None of our employees are represented by labor unions.

6.E. Share Ownership

The following table sets forth information concerning the beneficial ownership of the ordinary shares as of March 31, 2022 by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

The calculations in the table below are based on 1,015,413,207 ordinary shares outstanding as of March 31, 2022, including (i) 919,330,507 Class A ordinary shares and (ii) 96,082,700 Class B ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned as of March 31, 2022						Voting Power %***
	Class A ordinary shares		Class B ordinary shares		Total ordinary shares		
	Number	%	Number	%	Number	%	
Directors and Executive Officers:†							
Dagang Feng ⁽¹⁾	218,574,212	21.5	96,082,700	9.5	314,656,912	31.0	78.9
Chengcheng Liu ⁽²⁾	17,624,700	1.7	41,124,300	4.1	58,749,000	5.8	31.5
Yang Li	*	*	—	—	*	*	*
Hao Lan	*	*	—	—	*	*	*
Yifan Li	—	—	—	—	—	—	—
Hendrick Sin ⁽⁴⁾	71,429,000	7.0	—	—	71,429,000	7.0	2.2
Peng Su	—	—	—	—	—	—	—
Lin Wei	*	*	—	—	*	*	*
All directors and executive officers as a group	303,578,665	29.9	96,082,700	9.5	399,661,365	39.4	81.5
Principal Shareholders:							
Holding group of Dagang Feng ⁽¹⁾	218,574,212	21.5	96,082,700	9.5	314,656,912	31.0	78.9
36Kr Heros Holding Limited ⁽²⁾	17,624,700	1.7	41,124,300	4.1	58,749,000	5.8	31.5
Tembusu Limited ⁽³⁾	101,261,000	10.0	—	—	101,261,000	10.0	3.0
China Prosperity Capital Alpha Limited ⁽⁴⁾	73,129,000	7.2	—	—	73,129,000	7.2	2.2

Notes:

* Less than 1% of our total outstanding ordinary shares on an as-converted basis.

** For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 989,789,295, being the number of ordinary shares outstanding (consisting of 893,706,595 Class A ordinary shares and 96,082,700 Class B ordinary shares) as of March 31, 2022 and (ii) the number of ordinary shares underlying share options held by such person or group that are exercisable within 60 days after the date of this annual report.

*** For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our ordinary shares as a single class.

† Except as indicated otherwise as below, the business address of our directors and executive officers is 5-6/F, Tower A1, Junhao Central Park Plaza, No. 10 South Chaoyang Park Avenue, Chaoyang District, Beijing, People's Republic of China.

- (1) Represents an aggregate of 314,656,912 ordinary shares, consisting of (i) 23,553,600 Class A ordinary shares and 54,958,400 Class B ordinary shares held by Palopo Holding Limited, a limited liability company incorporated under the laws of the British Virgin Islands wholly owned by Lording Global Limited and ultimately controlled by The Lording Trust. The Lording Trust is a trust established under the laws of the Cayman Islands and managed by TMF (Cayman) Ltd. as the trustee. Dagang Feng, our chief executive officer and the co-chairman of our board of directors, is the settlor of the trust, and Dagang Feng and his family members are the trust's beneficiaries; (ii) 17,624,700 Class A ordinary shares and 41,124,300 Class B ordinary shares held by 36Kr Heros Holding Limited, a limited liability company incorporated under the laws of the British Virgin Islands wholly owned by Chengcheng Liu, the co-chairman of our board of directors; (iii) 25,623,912 Class A ordinary shares underlying share options held by Dagang Feng that are exercisable within 60 days after the date of this annual report. The registered address of Palopo Holding Limited and 36Kr Heros Holding Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands; and (iv) 6,070,880 ADSs representing 151,772,000 Class A ordinary shares held by Qianren LP, a limited partnership registered under the laws of the British Virgin Islands in which Palopo Holding Limited is the sole general partner.

Palopo Holding Limited entered into an acting-in-concert agreement with 36Kr Heros Holding Limited in September 2019, pursuant to which the parties agreed to vote on the matters that require action in concert, with respect to all shares held by the parties, and if the parties thereof are unable to reach a unanimous consensus in relation to the matters requiring action in concert, a decision made by Palopo Holding Limited will be deemed a decision unanimously passed by the parties and will be binding on the parties.

- (2) Represents 17,624,700 Class A ordinary shares and 41,124,300 Class B ordinary shares held by 36Kr Heros Holding Limited, a limited liability company incorporated under the laws of the British Virgin Islands. 36Kr Heros Holding Limited is wholly owned by Chengcheng Liu, our founder and chairman of the board of Beijing Duoke. The registered address of 36Kr Heros Holding Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.
- (3) Represents 101,261,000 Class A ordinary shares held by Tembusu Limited, a limited liability company incorporated under the laws of British Virgin Islands. Tembusu Limited is wholly owned by David Su Tuong Sing. The registered address of Tembusu Limited is Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands.
- (4) Represents 73,129,000 Class A ordinary shares held by China Prosperity Capital Alpha Limited, a limited liability company incorporated under the laws of Samoa. China Prosperity Capital Alpha Limited is ultimately controlled by Hendrick Sin. The business address of China Prosperity Capital Alpha Limited is 13/F, 8 Wyndham Street, Central, Hong Kong.

As of the date of March 31, 2022, 608,761,950 of our Class A outstanding ordinary shares were held by one record holder in the United States, which is the depository of our ADS program, representing 60.7% of our total issued and outstanding ordinary shares as of such date. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—F. Share Ownership.”

7.B. Related Party Transactions

Contractual Arrangements

See “Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with Beijing Duoke.”

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Employment Agreements and Indemnification Agreements.”

Share Incentives Plan

See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plan.”

Related Party Transactions

Transaction with Jiangsu Jingzhun

In 2020, the Group purchased information and data services amounted to approximately RMB3.0 million from Jiangsu Jingzhun Digital Information Industry Development Co., Ltd. (“Jiangsu Jingzhun”, previously known as “Beijing Venture Glory Information Technology Co., Ltd.”), whose chairman of board of directors is a co-founder of the Group. As of December 31, 2020, the amount due to Jiangsu Jingzhun was nil.

In 2019, 2020 and 2021, the Group earned revenue for providing advertising and enterprise value-added services to Jiangsu Jingzhun amounted to approximately RMB5.0 million, RMB0.8 million and RMB1.7 million, respectively. As of December 31, 2020 and 2021, the amount due from Jiangsu Jingzhun were RMB58 thousand and RMB1.3 million, respectively.

Transaction with 36Kr Global Holding

In 2020, the Group purchased advertising and information services from 36Kr Global and paid salary and other expenses on behalf of 36Kr Global Holding, which amounted to approximately RMB1.4 million and RMB1.5 million, respectively. As of December 31, 2020 and 2021, the amount due to 36Kr Global Holding were approximately RMB0.5 million and nil, respectively.

Transaction with Shanghai Xuanke

In 2021, interest income amounted to approximately RMB47 thousand was generated from Shanghai Xuanke Technology Co., Ltd. (“Shanghai Xuanke”) for offering the short-term loan amounted to RMB2.0 million. As of December 31, 2021, the amount due from Shanghai Xuanke for short-term loan was RMB2.0 million, which was repaid subsequently in January and February 2022. In 2021, the Group purchased video production services from Shanghai Xuanke amounted to RMB1.1 million. As of December 31, 2021, the amount due to Shanghai Xuanke was RMB1.2 million.

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Litigation

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, may result in substantial cost and diversion of our resources, including our management’s time and attention.

Dividend Policy

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our shares or the ADSs representing our Class A ordinary shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations on Dividend Distribution.”

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depository, as the registered holder of such Class A ordinary shares, and the depository then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description Of Securities Other Than Equity Securities—12.D. American Depositary Shares.”

8.B. Significant Changes

Except as otherwise disclosed in this annual report, we have not experienced any significant changes since the date of the annual financial statements included herein.

ITEM 9. THE OFFER AND LISTING

9.A. Offering and Listing Details

Our ADSs have been listed on the Nasdaq Global Market since November 8, 2019 under the symbol “KRKR”. Each ADS represents 25 Class A ordinary shares, par value US\$0.0001 per share.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

The ADSs representing our Class A ordinary shares have been listed on the Nasdaq Global Market since November 8, 2019 under the symbol “KRKR”.

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

We are a Cayman Islands exempted company and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and Companies Act of the Cayman Islands, which we refer to as the “Companies Act” below, and the common law of the Cayman Islands.

We incorporate by reference into this annual report our third amended and restated memorandum and articles of association, the form of which was filed as [Exhibit 3.2 to our registration statement on Form F-1 \(File Number 333-234006\), as amended, initially filed with the SEC on September 30, 2019](#). Our board of directors adopted our third amended and restated memorandum and articles of association by a special resolution on September 29, 2019, which became effective immediately prior to completion of our initial public offering of ADSs representing our ordinary shares.

The following are summaries of material provisions of our third amended and restated memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

According to Clause 3 of our third amended and restated memorandum and articles of association, the objects for which we are established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or as the same may be revised from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Management and Employees.”

Ordinary Shares

General. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form and are issued when registered in our register of shareholders. We may not issue share to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Conversion. Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder of Class B ordinary shares, or upon a change of beneficial ownership of any Class B ordinary shares as a result of which any person who is not an affiliate of the holder of such Class B ordinary shares becomes a beneficial owners of such Class B ordinary shares, such Class B ordinary shares shall be automatically and immediately converted into an equal number of Class A ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our third amended and restated memorandum and articles of association and the Companies Act. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our third amended and restated articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of profits or share premium account. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Voting Rights. In respect of all matters subject to a shareholders' vote, each Class A ordinary share is entitled to one vote for the holder of each Class A ordinary share registered in his or her name on our register of members and each Class B ordinary share is entitled to 25 votes for the holder of each Class B ordinary share registered in his or her name on our register of members. A resolution put to the vote of the general meeting shall be decided on the vote of the requisite majority pursuant to a poll of the shareholders.

A quorum required for a meeting of shareholders consists of shareholders holding shares which carry a majority of the votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our third amended and restated memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. We, however, will hold an annual shareholders' meeting during each fiscal year, as required by the Listing Rules at the Nasdaq. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our Board of Directors or our chairman of the Board of Directors or upon a requisition of shareholders holding at the date of deposit of the requisition not less than ten percent (10%) of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our third amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least fifteen (15) days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our third amended and restated memorandum and articles of association. A special resolution will be required for important matters such as a change of name or making changes to our third amended and restated memorandum and articles of association.

Transfer of Ordinary Shares. Subject to the restrictions in our third amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our Board of Directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our Board of Directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four;
- the shares are free from any lien in favor of the Company; and
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq, be suspended and the register closed at such times and for such periods as our Board of Directors may from time to time determine, *provided, however*, that the registration of transfers shall not be suspended nor the register closed for 30 more than days in any year as our board may determine.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Redemption, Repurchase and Surrender of Ordinary Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our Board of Directors. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our Board of Directors or are otherwise authorized by our third amended and restated memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of a majority the holders of the issued shares of that class or series or with the sanction of a special resolution at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than copies of our third amended and restated memorandum and articles of association and the register of mortgages and charges, and any special resolution passed by our shareholders). However, we will provide our shareholders with annual audited financial statements.

Issuance of Additional Shares. Our third amended and restated memorandum of association authorizes our Board of Directors to issue additional ordinary shares from time to time as our Board of Directors shall determine, to the extent of available authorized but unissued shares.

Our third amended and restated memorandum of association also authorizes our Board of Directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our Board of Directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions. Some provisions of our third amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that: (a) authorize our Board of Directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and (b) limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our third amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder’s shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

10.C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this annual report.

10.D. Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions.

10.E. Taxation

The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of our ADSs and Class A ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of the ADSs or Class A ordinary shares levied by the government of the Cayman Islands, except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs or Class A ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs or Class A ordinary shares, nor will gains derived from the disposal of the ADSs or Class A ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

In accordance with the Enterprise Income Tax Law ("EIT Law"), Foreign Investment Enterprises ("FIEs") and domestic companies are subject to Enterprise Income Tax ("EIT") at a uniform rate of 25%. Beijing Duoke is recognized as "High-New Technology Enterprise" ("HNTE") and is eligible for a 15% preferential tax rate effective from 2020 through 2022, upon the completion of its filings with the relevant tax authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the relevant authorities in China.

In addition, the SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: (a) senior management personnel and departments that are responsible for daily production, operation and management; (b) financial and personnel decision making bodies; (c) key properties, accounting books, company seal, minutes of board meetings and shareholders' meetings; and (d) half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on resident status and administration on post-determination matters. Our company is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC.

As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the similar reasons, we believe our other entities outside China are not PRC resident enterprises either. 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." There can be no assurance that the PRC government will ultimately take a view that is consistent with us. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, a 10% withholding tax may be imposed on dividends we pay to our non-PRC enterprise shareholders (including the ADS holders), if such income is treated as sourced from within the PRC. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or Class A ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us), if such income is deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to obtain 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.

U.S. Federal Income Tax Considerations

The following are the material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of our ADSs or Class A ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold ADSs or Class A ordinary shares.

This discussion applies only to a U.S. Holder that holds the ADSs or Class A ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including any alternative minimum or Medicare contribution tax consequences and any tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- regulated investment companies;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or Class A ordinary shares as part of a straddle, conversion transaction, integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons who acquired our ADSs or Class A ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation; persons that own or are deemed to own 10% or more of our stock by vote or value; or
- persons holding ADSs or Class A ordinary shares in connection with a trade or business outside the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns ADSs or Class A ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or Class A ordinary shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of ADSs or Class A ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC, or the Treaty, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion assumes that each obligation under the deposit agreement will be performed in accordance with its terms.

As used herein, a "U.S. Holder" is a person eligible for Treaty benefits that is for U.S. federal income tax purposes a beneficial owner of our ADSs or Class A ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Treasury regulations that apply to taxable years beginning on or after December 28, 2021 (the "Foreign Tax Credit Regulations") may in some circumstances prohibit a U.S. person from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties. Accordingly, U.S. investors that are not eligible for Treaty benefits should consult their tax advisers regarding the creditability or deductibility of any PRC taxes imposed on dividends on, or dispositions of, the ADSs or Class A ordinary shares. The discussions below regarding the creditability or deductibility of PRC taxes, if any, do not apply to investors in this special situation.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs.

This discussion does not address the effects of any state, local or non-U.S. tax laws, or any U.S. federal taxes other than income taxes (such as U.S. federal estate or gift tax consequences). U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or Class A ordinary shares in their particular circumstances.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a passive foreign investment company, or PFIC, for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes) at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is generally a passive asset for these purposes. Goodwill is an active asset to the extent attributable to activities that produce active income.

Based on the composition of our income and assets and the estimated value of our assets, including goodwill, which is based on the average price of our ADSs during 2021, we believe that we were not a PFIC for the taxable year of 2021. However, we hold a substantial amount of cash (relative to the assets shown on our balance sheet) and while that continues to be the case, our PFIC status for any taxable year may depend on the average value of our goodwill. The value of our goodwill may be determined, in large part, by reference to our market capitalization. Because our market capitalization has been volatile and declined substantially in recent months, if the value of our goodwill is determined by reference to our market capitalization, our goodwill and other active assets for 2022 or future taxable years may constitute less than 50% of our total assets. Accordingly, due to our declining market capitalization there is a significant risk that we will be a PFIC for our taxable year of 2022 and possibly future taxable years. Moreover, the extent to which our goodwill should be treated as an active asset is not entirely clear. In addition, we provide financing to customers as part of our advertisement agent services and although our income from this business segment is small, if in the future the proportionate share of this income will grow, our risk of becoming a PFIC will increase. Furthermore, it is not entirely clear how the contractual arrangements between us and our VIE will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIE is not treated as owned by us. Our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year and will depend on the composition of our income and assets and the value of our assets from time to time. For these reasons there is a significant risk that we may be a PFIC for 2022 or future taxable years.

If we are a PFIC for any taxable year and any entity in which we own or are deemed to own equity interests (including our VIE) is also a PFIC (any such entity, a "Lower-tier PFIC"), U.S. Holders will be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in the next paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holder held such shares directly, even though the U.S. Holder will not receive any proceeds of those distributions or dispositions.

In general, if we are a PFIC for any taxable year during which a U.S. Holder holds ADSs or Class A ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or Class A ordinary shares will be allocated ratably over its holding period. The amounts allocated to the taxable year of the sale or disposition and to any taxable year before we became a PFIC will be taxed as ordinary income. The amount allocated to each other taxable year will be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge will be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any taxable year on its ADSs or Class A ordinary shares exceed 125% of the average of the annual distributions on the ADSs or Class A ordinary shares received during the preceding three taxable years or the U.S. Holder's holding period, whichever is shorter, such excess distributions will be subject to taxation in the same manner. If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns ADSs or Class A ordinary shares, even if we cease to meet the threshold requirements for PFIC status, unless the U.S. Holder makes a timely "deemed sale" election, in which case any gain on the deemed sale will be taxed under the PFIC rules described above. U.S. Holders should consult their tax advisers regarding the advisability of making a deemed sale election in their particular circumstances if we are a PFIC for any taxable year and cease to be a PFIC for any subsequent taxable year.

Alternatively, if we are a PFIC and if the ADSs are "regularly traded" on a "qualified exchange," a U.S. Holder that holds ADSs can make a mark-to-market election that will result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs will be treated as "regularly traded" for any calendar year in which more than a *de minimis* quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter. The Nasdaq, where our ADSs are listed, is a qualified exchange for this purpose, but there can be no assurance that our ADSs will be regularly traded for any relevant period. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize, for each taxable year in which we are a PFIC, as ordinary income any excess of the fair market value of the ADSs at the end of such taxable year over their adjusted tax basis, or as ordinary loss any excess of the adjusted tax basis of the ADSs over their fair market value at the end of such taxable year (but, in the case of loss, only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a taxable year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss. If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under "*Taxation of Distributions*" below. U.S. Holders will not be able to make a mark-to-market election with respect to Lower-tier PFICs, if any. In addition, because our Class A ordinary shares are not publicly traded, a U.S. Holder that holds Class A ordinary shares that are not represented by ADSs will not be eligible to make a mark-to-market election with respect to such shares. If we are a PFIC for any taxable year, U.S. Holders should consult their tax advisers regarding the availability and advisability of a mark-to-market election.

If we are a PFIC for any taxable year during which a U.S. Holder owns any ADSs or Class A ordinary shares, the U.S. Holder will generally be required to file annual reports with the Internal Revenue Service ("IRS").

U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or Class A ordinary shares.

Taxation of Distributions

This discussion is subject to the discussion above under "—Passive Foreign Investment Company Rules."

Distributions paid on our ADSs or Class A ordinary shares, other than certain pro rata distributions of ADSs or ordinary shares, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders with respect to the ADSs may be taxable at favorable rates, provided that we are not a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of these favorable rates generally and in their particular circumstances.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of ADSs, the depository's, receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income for foreign tax credit purposes. As described in "—People's Republic of China Taxation," dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC withholding tax. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable Treaty rate) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct any such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct creditable foreign taxes instead of claiming foreign tax credits applies to all creditable foreign taxes paid or accrued in the taxable year.

Sale or Other Taxable Disposition of ADSs or Class A Ordinary Shares

This discussion is subject to the discussion above under "—Passive Foreign Investment Company Rules."

A U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized on the sale or disposition and the U.S. Holder's tax basis in the ADSs or Class A ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or Class A ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders may be subject to a tax rate that is lower than the rate applicable to Class A ordinary income. The deductibility of capital losses is subject to limitations.

As described in "—People's Republic of China Taxation," gains on the sale of ADSs or Class A ordinary shares may be subject to PRC taxes. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source income. However, a U.S. Holder may be able to elect to treat the gain as foreign-source income under the Treaty and claim foreign tax credit in respect of any PRC tax on dispositions. The Foreign Tax Credit Regulations generally preclude a U.S. Holder from claiming a foreign tax credit with respect to PRC income taxes on gains from dispositions of ADSs or Class A ordinary shares if the U.S. Holder does not elect to apply the benefits of the Treaty. However, in that case it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. The rules governing foreign tax credits and deductibility of foreign taxes are complex. U.S. Holders should consult their tax advisers regarding the consequences of the imposition of any PRC tax on disposition gains, including the Treaty's resourcing rule, any reporting requirements with respect to a Treaty-based return position and the creditability or deductibility of the PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

Information Reporting and Backup Withholding

In general, payments of dividends and proceeds from the sale or other disposition of ADSs or Class A ordinary shares that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of ADSs or Class A ordinary shares, or non-U.S. accounts through which ADSs or ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to ADSs and Class A ordinary shares.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We previously filed with the SEC registration statement on Form F-1 (File Number 333-234006), as amended, to register our Class A ordinary shares in relation to our initial public offering. We also filed with the SEC related registration statement on Form F-6 (File Number 333-234196) to register the ADSs representing our Class A ordinary shares.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC.

Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish The Bank of New York Mellon, the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Credit risk

Our credit risk primarily arises from cash and cash equivalents, short-term investments, receivables due from our customers, related parties and other parties. The maximum exposure of such assets to credit risk is the assets' carrying amounts as of the balance sheet dates. We expect that there is no significant credit risk associated with cash and cash equivalents and short-term investments which were held by reputable financial institutions in the jurisdictions where we, our subsidiaries, VIE and the subsidiaries of the VIE are located. We believe that we are not exposed to unusual risks as these financial institutions have high credit quality.

We believe that there is no significant credit risk associated with amounts due from related parties. Receivables due from customers are typically unsecured in the PRC and the credit risk with respect to which is mitigated by credit evaluations we perform on our customers and our ongoing monitoring process of outstanding balances.

Foreign currency exchange rate risk

Our operating transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. The value of the RMB is subject to changes by the central government policies and to international economic and political development. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the PBOC. Remittances in currencies other than RMB by us in China must be processed through PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to effect the remittance.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Persons depositing or withdrawing shares or ADS holders must pay:	For:
<ul style="list-style-type: none"> US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) 	<ul style="list-style-type: none"> Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
<ul style="list-style-type: none"> US\$0.05 (or less) per ADS 	<ul style="list-style-type: none"> Any cash distribution to ADS holders
<ul style="list-style-type: none"> A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs 	<ul style="list-style-type: none"> Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
<ul style="list-style-type: none"> US\$0.05 (or less) per ADS per calendar year 	<ul style="list-style-type: none"> Depositary services
<ul style="list-style-type: none"> Registration or transfer fees 	<ul style="list-style-type: none"> Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
<ul style="list-style-type: none"> Expenses of the depositary 	<ul style="list-style-type: none"> Cable and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
<ul style="list-style-type: none"> Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes 	<ul style="list-style-type: none"> As necessary
<ul style="list-style-type: none"> Any charges incurred by the depositary or its agents for servicing the deposited securities 	<ul style="list-style-type: none"> As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

PART II

ITEM 13. ITEM DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

14.A.—14.D. Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged.

14.E. Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1 (File No. 333-234006), as amended, which registered 34,500,000 Class A ordinary shares represented by 34,500,000 ADSs and was declared effective by the SEC on November 7, 2019, for our initial public offering, which closed on November 13, 2019. Credit Suisse Securities (USA) LLC and China International Capital Corporation Hong Kong Securities Limited were the representatives of the underwriters. We received net proceeds of approximately US\$13.4 million in the aggregate from the initial public offering after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

For the period from November 7, 2019, the date that the registration statement on Form F-1 was declared effective by the SEC, to the date of this annual report, we have used US\$7.6 million of the net proceeds received from the initial public offering to support for our daily business operation.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and principal financial officer, has concluded that, as of December 31, 2021, our disclosure controls and procedures were ineffective because of the material weakness in our internal control over financial reporting described under “Internal Control over Financial Reporting.” Notwithstanding thereof, we believe that our consolidated financial statements included in this annual report fairly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material respects.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2021 due to a material weakness identified in our internal control over financial reporting as described below under “Internal Control over Financial Reporting.”

Notwithstanding management’s assessment that we did not maintain effective internal control over financial reporting as of December 31, 2021 due to the material weakness identified, we believe that the consolidated financial statements included in this annual report fairly present our financial position, results of operations and cash flows for the fiscal years covered thereby in all material respects.

Internal Control over Financial Reporting

In the course of auditing our consolidated financial statements as of and for the years ended December 31, 2019, 2020 and 2021, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting and other control deficiencies. The material weakness identified is our lack of sufficient competent financial reporting and accounting personnel with appropriate understanding of U.S. GAAP to design and implement formal period-end financial reporting controls and procedures to address U.S. GAAP technical accounting issues, and to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC. We are in the process of implementing a number of measures to address the identified material weakness and control deficiencies. However, we cannot assure you that these measures may fully address or remediate the material weakness and control deficiencies. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—If we fail to implement and maintain an effective system of internal controls over financial reporting, we may be unable to accurately or timely report our results of operations or prevent fraud, and investor confidence and the trading price of our ADSs may be materially and adversely affected.”

Attestation Report of the Registered Public Accounting Firm

As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company’s internal control over financial reporting. This annual report on Form 20-F does not include an attestation report of the company’s registered public accounting firm.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this annual report on Form 20-F that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16.A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Yifan Li, an independent director and the chairman of our audit committee, qualifies as an “audit committee financial expert” as set forth under the applicable rules of the SEC. Mr. Yifan Li satisfies the “independence” requirements of Rule 5605(c) (2) of the Listing Rules of the Nasdaq and meet the independence standards under Rule 10A-3 under the Exchange Act.

ITEM 16.B. Code of Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 of our registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019 and posted a copy of our code of business conduct and ethics on our website at <http://ir.36kr.com>. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person’s written request.

ITEM 16.C. Principal Accountant Fees and Services**Auditor Fees**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, for the periods indicated below.

Services	Year Ended December 31,	
	2020	2021
	RMB	RMB
Audit Fees(1)	6,600	6,800
Audit-Related Fees(2)	—	—
Tax Fees(3)	—	—
Other Fees(4)	—	—
Total	6,600	6,800

- (1) *Audit Fees.* Audit fees mean the aggregate fees billed in each of the fiscal periods listed for professional services rendered by our principal auditors for the audit of our annual consolidated financial statements and assistance with and review of documents filed with the SEC.
- (2) *Audit-related Fees.* Audit-related fees mean the aggregate fees billed for professional services rendered by our principal auditors for the assurance and related services, which were not included under Audit Fees above.
- (3) *Tax Fees.* Tax fees mean fees incurred from professional services related to tax compliance.
- (4) *Other Fees.* Other fees mean fees incurred from professional services related to advisory and tax advice.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, including audit services and audit-related services as described above, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

ITEM 16.D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

ITEM 16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On May 6, 2020, our board of directors authorized a share repurchase program under which the Company may repurchase up to a total of 1,000,000 of its ADSs, each representing 25 Class A Ordinary Shares, after the release of the Company's operating and financial results for the first quarter of 2020 on Form 6-K (the "Share Repurchase Program"). The Company's share repurchases may be made from time to time on the open market at prevailing market prices, in open-market transactions and/or through other legally permissible means, depending on market conditions and in accordance with the applicable rules and regulations. The timing and conditions of the share repurchases will be subject to various factors including the requirements under Rule 10b-18 and Rule 10b5-1 of the Exchange Act. Our board of directors will review the Share Repurchase Program periodically and may authorize adjustments to its terms and size or suspend or discontinue the program. The Company expects to utilize its existing funds to fund repurchases made under this program.

The following table summarizes the details of the repurchases made in accordance with the Share Repurchase Program from April 1, 2021 to March 31, 2022:

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS (1) (US\$)	Total Number of ADSs Purchased Under the Share Repurchase Program	Number of ADSs that May Yet Be Purchased Under the Share Repurchase Program (RMB in Thousands)
April 2021	103,329	3.32	785,713	214,287
May 2021	—	—	785,713	214,287
June 2021	—	—	785,713	214,287
July 2021	—	—	785,713	214,287
August 2021	—	—	785,713	214,287
September 2021	—	—	785,713	214,287
October 2021	—	—	785,713	214,287
November 2021	—	—	785,713	214,287
December 2021	—	—	785,713	214,287
January 2022	—	—	785,713	214,287
February 2022	—	—	785,713	214,287
March 2022	—	—	785,713	214,287
Total	103,329	3.32	785,713	214,287

Notes:

- (1) Each ADS represents 25 Class A ordinary shares. Average price paid per ADS is calculated using the execution price for each repurchase excluding commissions paid to the broker.

ITEM 16.F. Change in Registrant’s Certifying Accountant

Not applicable.

ITEM 16.G. Corporate Governance

As a Cayman Islands company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, the Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We intend to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq that listed companies must have: (i) a majority of independent directors; (ii) the establishment of a nominating/corporate governance committee composed entirely of independent directors; and (iii) a compensation committee composed entirely of independent directors. As a result of our reliance on the “foreign private issuer” or the “controlled company” exemptions, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs— As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.”

ITEM 16.H. Mine Safety Disclosure

Not applicable.

ITEM 16.I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of 36Kr Holdings Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Form of Third Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
2.1	Form of American Depositary Receipt (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
2.3	Form of Deposit Agreement among the Registrant, the depository and holders of the American Depositary Shares (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
2.4	Description of Securities Registered Under Section 12 of the Exchange Act, previously filed on Form 20-F, dated April 29, 2020 and incorporated herein by reference
4.1*	2019 Share Incentive Plan, as amended
4.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.3	Form of Employment Agreement between the Registrant its executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.4	Amended and Restated Shareholders Agreement, dated September 25, 2019 (incorporated herein by reference to Exhibit 10.10 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.5	English translation of Data Sharing Agreement between Beijing Duoke Information Technology Co., Ltd. and Beijing Venture Glory Information Technology Co., Ltd., dated June 25, 2019 (incorporated herein by reference to Exhibit 10.11 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.6	English translation of Equity Pledge Agreement by and among Beijing Dake Information Technology Co., Ltd., Beijing Duoke Information Technology Co., Ltd. and the shareholders of Beijing Duoke Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.12 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.7	English translation of Exclusive Purchase Option Agreement, by and among Beijing Dake Information Technology Co., Ltd., Beijing Duoke Information Technology Co., Ltd. and the shareholders of Beijing Duoke Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.13 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.8	English translation of the Exclusive Business Cooperation Agreement, by and between Beijing Dake Information Technology Co., Ltd. and Beijing Duoke Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.9	English translation of Power of Attorney, from Tianjin Zhanggongzi Technology Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.15 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.10	English translation of Power of Attorney, from Beijing Xieli Zhucheng Finance Information Services Co., Ltd. to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.16 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
4.11	English translation of Power of Attorney, from Gongqingcheng Fenzhong Chuangxiang Information Technology Co., Ltd. to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.17 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)

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Exhibit Number	Description of Document
4.12	English translation of Power of Attorney, from Shenzhen Guohong No.2 Enterprise Management Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.13	English translation of Power of Attorney, from Ningbo Meishan Baoshui Gangqu Tianhong Lyvan Investment Management Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.19 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.14	English translation of Power of Attorney, from Beijing Gebi Lvzhou Angel Investment Center (L.P.) to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.20 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.15	English translation of Power of Attorney, from Suzhou Industrial Park Gebi Yinghe Venture Capital Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.21 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.16	English translation of Power of Attorney, from Beijing Wentou Wuyu Investment Co., Ltd. to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.22 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.17	English translation of Power of Attorney, from Wuhan Feixiang Automobile Electronics Industry Investment Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated August 2, 2019 (incorporated herein by reference to Exhibit 10.23 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.18	English translation of Equity Pledge Agreement by and among Beijing Dake Information Technology Co., Ltd., Beijing Duoke Information Technology Co., Ltd. and the shareholders of Beijing Duoke Information Technology Co., Ltd., dated September 27, 2019 (incorporated herein by reference to Exhibit 10.24 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.19	English translation of Exclusive Purchase Option Agreement, by and among Beijing Dake Information Technology Co., Ltd., Beijing Duoke Information Technology Co., Ltd. and the shareholders of Beijing Duoke Information Technology Co., Ltd., dated September 27, 2019 (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.20	English translation of the Exclusive Business Cooperation Agreement, by and between Beijing Dake Information Technology Co., Ltd. and Beijing Duoke Information Technology Co., Ltd., dated September 27, 2019 (incorporated herein by reference to Exhibit 10.26 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.21	English translation of Power of Attorney, from Tianjin Zhanggongzi Technology Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated September 27, 2019 (incorporated herein by reference to Exhibit 10.27 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.22	English translation of Power of Attorney, from Shenzhen Guohong No.2 Enterprise Management Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated September 27, 2019 (incorporated herein by reference to Exhibit 10.28 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.23	English translation of Power of Attorney, from Ningbo Meishan Baoshui Gangqu Tianhong Lyvan Investment Management Partnership (L.P.) to Beijing Dake Information Technology Co., Ltd., dated September 27, 2019 (incorporated herein by reference to Exhibit 10.29 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019).
4.24*	English translation of Capital Increase Subscription and Shareholders' Agreement of Hangzhou Jialin Information Technology Co., Ltd., dated October 31, 2021.
4.25*	English translation of Equity Transfer Agreement between Beijing Duoke Information Technology Co. Ltd. and Hangzhou Jialin Information Technology Co., Ltd., dated October 31, 2021.

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<u>Exhibit Number</u>	<u>Description of Document</u>
8.1	List of Significant Subsidiaries and VIE of the Registrant (incorporated herein by reference to Exhibit 21.1 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-234006), as amended, initially filed with the SEC on September 30, 2019)
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP, Independent Registered Public Accounting Firm
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

36Kr Holdings Inc.

By: /s/ Dagang Feng
Name: Dagang Feng
Title: Chief Executive Officer

Date: April 25, 2022

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of 36Kr Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of 36Kr Holdings Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive loss, of changes in shareholders’ (deficit)/equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses in 2021 and the manner in which it accounts for leases in 2020.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Beijing, the People’s Republic of China
April 25, 2022

We have served as the Company's auditor since 2018.

36Kr Holdings Inc.
CONSOLIDATED BALANCE SHEETS

	December 31, 2020 RMB'000	December 31, 2021 RMB'000
Assets		
Current assets:		
Cash and cash equivalents	60,846	96,965
Short-term investments	148,344	119,140
Accounts receivable, net	304,845	180,161
Receivables due from related parties	98	3,630
Prepayments and other current assets	16,319	42,612
Total current assets	530,452	442,508
Non-current assets:		
Property and equipment, net	3,941	3,159
Intangible assets, net	471	808
Long-term investments	16,300	41,442
Operating lease right-of-use assets, net	27,365	13,818
Total non-current assets	48,077	59,227
Total assets	578,529	501,735
Liabilities		
Current liabilities:		
Accounts payable (including amounts of the consolidated variable interest entity ("VIE") and its subsidiaries without recourse to the primary beneficiary of RMB 64.64 million and RMB 56.07 million as of December 31, 2020 and 2021, respectively)	64,641	56,266
Salary and welfare payables (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 32.75 million and RMB 37.63 million as of December 31, 2020 and 2021, respectively)	45,580	55,788
Taxes payable (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 17.21 million and RMB 11.31 million as of December 31, 2020 and 2021, respectively)	18,824	12,836
Deferred revenue (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 18.85 million and RMB 28.86 million as of December 31, 2020 and 2021, respectively)	18,849	28,863
Amounts due to related parties (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 0.55 million and RMB 1.33 million as of December 31, 2020 and 2021, respectively)	548	1,328
Accrued liabilities and other payables (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 8.22 million and RMB 12.62 million as of December 31, 2020 and 2021, respectively)	13,560	17,501
Short-term bank loan (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of nil and RMB 5.0 million as of December 31, 2020 and 2021, respectively)	—	5,000
Operating lease liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 15.13 million and RMB 16.30 million as of December 31, 2020 and 2021, respectively)	15,132	16,302
Total current liabilities	177,134	193,884
Non-current liabilities:		
Operating lease liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB 12.43 million and RMB 0.59 million as of December 31, 2020 and 2021, respectively)	12,426	586
Total non-current liabilities	12,426	586
Total liabilities	189,560	194,470
Commitments and Contingencies (Note 18)		
Shareholders' equity		
Class A ordinary shares (US\$0.0001 par value per share; 4,903,917,300 shares authorized, 884,846,745 shares issued and 871,850,620 shares outstanding as of December 31, 2020; 4,903,917,300 shares authorized, 907,346,745 shares issued and 893,706,595 shares outstanding as of December 31, 2021)	621	628
Class B ordinary shares (US\$0.0001 par value per share; 96,082,700 shares authorized, 96,082,700 shares issued and outstanding as of December 31, 2020 and 2021, respectively)	66	66
Additional paid-in capital	2,040,693	2,049,448
Treasury stock (US\$ 0.0001 par value; 15,557,593 shares and 16,201,618 shares as of December 31, 2020 and 2021, respectively)	(14,081)	(13,598)
Accumulated deficit	(1,638,581)	(1,728,152)
Accumulated other comprehensive loss	(7,897)	(8,987)
Total 36Kr Holdings Inc.'s shareholders' equity	380,821	299,405
Non-controlling interests	8,148	7,860
Total shareholders' equity	388,969	307,265
Total liabilities and shareholders' equity	578,529	501,735

The accompanying notes are an integral part of these consolidated financial statements.

36Kr Holdings Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the Year Ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Revenues:			
Online advertising services	283,426	172,811	214,722
Enterprise value-added services	319,469	193,213	74,032
Subscription services	52,711	20,740	28,025
Total revenues	655,606	386,764	316,779
Cost of revenues	(380,290)	(261,372)	(128,844)
Gross profit	275,316	125,392	187,935
Operating expenses:			
Sales and marketing expenses	(131,301)	(140,672)	(143,887)
General and administrative expenses	(131,075)	(212,411)	(90,636)
Research and development expenses	(35,807)	(38,232)	(47,518)
Impairment of goodwill	—	(1,395)	—
Total operating expenses	(298,183)	(392,710)	(282,041)
Loss from operations	(22,867)	(267,318)	(94,106)
Other income/(expenses):			
Share of loss from equity method investments	—	(23,502)	(5,473)
Gain on disposal of a subsidiary	11,454	—	—
Short-term investment income	4,115	1,859	2,485
Government grant	497	10,103	3,304
Others, net	783	3,280	3,283
Loss before income tax	(6,018)	(275,578)	(90,507)
Income tax expense	(19,893)	(3,764)	(102)
Net loss	(25,911)	(279,342)	(90,609)
Accretion on redeemable non-controlling interests to redemption value	(1,808)	—	—
Accretion of convertible redeemable preferred shares to redemption value	(449,130)	—	—
Re-designation of Series A-1 into Series B-3 convertible redeemable preferred shares	(26,787)	—	—
Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares, and issuance of Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares	(309,984)	—	—
Re-designation of ordinary shares into Series C-2 convertible redeemable preferred shares	(36,977)	—	—
Net loss/(income) attributable to non-controlling interests	156	(889)	1,038
Net loss attributable to 36Kr Holdings Inc.'s ordinary shareholders	(850,441)	(280,231)	(89,571)
Net loss	(25,911)	(279,342)	(90,609)
Other comprehensive loss			
Foreign currency translation adjustments	(3,285)	(4,843)	(1,090)
Total other comprehensive loss	(3,285)	(4,843)	(1,090)
Total comprehensive loss	(29,196)	(284,185)	(91,699)
Accretion on redeemable non-controlling interests to redemption value	(1,808)	—	—
Accretion of convertible redeemable preferred shares to redemption value	(449,130)	—	—
Re-designation of Series A-1 into Series B-3 convertible redeemable preferred shares	(26,787)	—	—
Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares, and issuance of Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares	(309,984)	—	—
Re-designation of ordinary shares into Series C-2 convertible redeemable preferred shares	(36,977)	—	—
Net loss/(income) attributable to non-controlling interests	156	(889)	1,038
Comprehensive loss attributable to 36Kr Holding Inc.'s ordinary shareholders	(853,726)	(285,074)	(90,661)
Net loss per ordinary share (RMB)			
—Basic	(2.310)	(0.275)	(0.087)
—Diluted	(2.310)	(0.275)	(0.087)
Net loss per ADS (RMB)			
—Basic	(57.750)	(6.873)	(2.185)
—Diluted	(57.750)	(6.873)	(2.185)
Weighted average number of ordinary shares used in per share calculation:			
—Basic	368,159,249	1,019,316,944	1,025,068,349
—Diluted	368,159,249	1,019,316,944	1,025,068,349
Weighted average number of ADS used in per ADS calculation:			
—Basic	14,726,370	40,772,678	41,002,734
—Diluted	14,726,370	40,772,678	41,002,734
Share-based compensation expenses included in:			
Cost of revenues	4,730	1,123	1,322
Sales and marketing expenses	14,654	16,168	8,526
General and administrative expenses	69,412	19,508	5,622
Research and development expenses	2,375	2,478	(452)

The accompanying notes are an integral part of these consolidated financial statements.

36Kr Holdings Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT)/EQUITY

	Ordinary shares						Additional paid-in capital	Treasury stock		Accumulated deficit	Accumulated other comprehensive income/(loss)	Non- controlling interests	Total shareholders' (deficit)/equity
	Ordinary shares		Class A ordinary shares		Class B ordinary shares			Shares	Amount RMB'000				
	Shares	Amount RMB'000	Shares	Amount RMB'000	Shares	Amount RMB'000							
Balance as of January 1, 2019	308,686,012	184								(486,027)	231		(485,612)
Net loss										(25,755)		(156)	(25,911)
Re-designation of Series A-1 into Series B-3 convertible redeemable preferred shares							(1,409)			(25,378)			(26,787)
Re-designation of ordinary shares into Series B-3 convertible redeemable preferred shares	(17,215,818)	(10)					(1,157)			(28,799)			(29,966)
Re-designation of ordinary shares into Series B-4 convertible redeemable preferred shares	(11,643,239)	(7)								(20,261)			(20,268)
Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3, and issuance of Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares	(28,480,894)	(11)					(25,749)			(284,224)			(309,984)
Re-designation of ordinary shares into Series C-2 convertible redeemable preferred shares	(12,545,000)	(9)								(36,968)			(36,977)
Share-based compensation	1,609,789						64,387						64,387
Share repurchase	(2,561,468)							2,561,468	(2,333)				(2,333)
Re-designation of ordinary shares into Class A and Class B ordinary shares upon initial public offering	(237,849,382)	(147)	141,766,682	81	96,082,700	66							
Re-designation of Preferred Shares into Class A ordinary shares upon initial public offering			726,015,520	508			1,877,739						1,878,247
Share issuance upon initial public offering, net of issuance costs			34,500,000	24			86,214						86,238
Accretion on redeemable non-controlling interests to redemption value										(1,808)			(1,808)
Accretions of convertible redeemable preferred shares to redemption value										(449,130)			(449,130)
Shareholder's contribution							242						242
Capital injection from non-controlling interests												6,895	6,895
Foreign currency translation adjustment											(3,285)		(3,285)
Balance as of December 31, 2019			902,282,202	613	96,082,700	66	2,000,267	2,561,468	(2,333)	(1,358,350)	(3,054)	6,739	643,948

The accompanying notes are an integral part of these consolidated financial statements.

36Kr Holdings Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT)/EQUITY (Continued)

	Ordinary shares						Additional paid-in capital	Treasury stock		Accumulated deficit	Accumulated other comprehensive income/(loss)	Non- controlling interests	Total shareholders' (deficit)/equity
	Ordinary shares		Class A ordinary shares		Class B ordinary shares			Shares	Amount RMB'000				
	Shares	Amount RMB'000	Shares	Amount RMB'000	Shares	Amount RMB'000							
Balance as of January 1, 2020	—	—	902,282,202	613	96,082,700	66	2,000,267	2,561,468	(2,333)	(1,358,350)	(3,054)	6,739	643,948
Net loss	—	—	—	—	—	—	—	—	—	(280,231)	—	889	(279,342)
Share-based compensation	—	—	—	—	—	—	39,277	—	—	—	—	—	39,277
Share repurchase	—	—	(12,996,125)	—	—	—	—	12,996,125	(11,748)	—	—	—	(11,748)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	520	520
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	(4,843)	—	(4,843)
Issuance of ordinary shares upon exercise of share-based awards	—	—	12,138,965	8	—	—	—	—	—	—	—	—	8
Cancellation of share-based awards	—	—	(250,447)	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	1,149	—	—	—	—	—	1,149
Balance as of December 31, 2020	—	—	901,174,595	621	96,082,700	66	2,040,693	15,557,593	(14,081)	(1,638,581)	(7,897)	8,148	388,969

The accompanying notes are an integral part of these consolidated financial statements.

36Kr Holdings Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT)/EQUITY (Continued)

	Ordinary shares						Additional paid-in capital	Treasury stock		Accumulated deficit	Accumulated other comprehensive income/(loss)	Non- controlling interests	Total shareholders' (deficit)/equity
	Ordinary shares		Class A ordinary shares		Class B ordinary shares			Shares	Amount RMB '000				
	Shares	Amount RMB '000	Shares	Amount RMB '000	Shares	Amount RMB '000							
Balance as of January 1, 2021	—	—	901,174,595	621	96,082,700	66	2,040,693	15,557,593	(14,081)	(1,638,581)	(7,897)	8,148	388,969
Net loss	—	—	—	—	—	—	—	—	—	(89,571)	—	(1,038)	(90,609)
Share-based compensation	—	—	—	—	—	—	15,018	—	—	—	—	—	15,018
Share repurchase	—	—	(6,646,700)	—	—	—	—	6,646,700	(5,780)	—	—	—	(5,780)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	750	750
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	(1,090)	(1,090)
Issuance of ordinary shares upon exercise of share-based awards	—	—	10,556,462	7	—	—	(6,263)	(6,002,675)	6,263	—	—	—	7
Cancellation of share-based awards	—	—	(1,298,199)	—	—	—	—	—	—	—	—	—	—
Balance as of December 31, 2021	—	—	903,786,158	628	96,082,700	66	2,049,448	16,201,618	(13,598)	(1,728,152)	(8,987)	7,860	307,265

The accompanying notes are an integral part of these consolidated financial statements.

36Kr Holdings Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Cash flows from operating activities:			
Net loss	(25,911)	(279,342)	(90,609)
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation of property and equipment	4,195	5,549	2,563
Amortization of intangible assets	36	49	96
Share-based compensation expenses	91,171	39,277	15,018
Non-cash operating lease expense	—	15,306	15,481
Allowance for credit losses	10,004	127,100	9,853
Losses from disposal of property, equipment and software	—	103	73
Exchange losses	40	104	68
Goodwill impairment	—	1,395	—
Property and equipment impairment	—	7,987	—
Fair value changes of short-term investments	(1,837)	(474)	(670)
Share of loss from equity method investments	—	23,502	5,473
Disposal gain on a subsidiary	(11,454)	—	—
Rental, interest and payroll expense contributed by a shareholder	242	—	—
Deferred income tax	(3,085)	3,391	—
Changes in operating assets and liabilities:			
Accounts receivable	(365,770)	108,162	241,475
Receivables due from related parties	6,403	4,517	(1,780)
Prepayments and other current assets	(34,522)	23,657	51
Accounts payable	119,135	(73,551)	(8,375)
Salary and welfare payables	14,561	(5,163)	10,208
Taxes payable	18,428	(18,525)	(5,988)
Deferred revenue	3,934	10,688	10,014
Amounts due to related parties	(1,979)	548	780
Accrued liabilities and other payables	17,472	1,946	3,834
Lease liabilities	—	(15,351)	(12,604)
Net cash (used in)/provided by operating activities	(158,937)	(17,125)	194,961
Cash flows from investing activities:			
Purchase of property and equipment	(4,639)	(2,186)	(1,747)
Purchase of intangible assets	(137)	(164)	(433)
Purchase of short-term investments	(817,450)	(613,952)	(659,210)
Proceeds from maturities of short-term investments	878,376	552,444	689,084
Placement of time deposits	—	(135,934)	—
Withdrawal of time deposits	—	135,934	—
Loan paid to related parties	—	—	(2,000)
Cash received from customer in relation to advertisement agent services	—	—	26,295
Cash paid on behalf of the customer in relation to advertisement agent services	—	—	(179,036)
Cash consideration paid for purchase of subsidiaries, net of cash acquired	—	(431)	—
Investment in long-term investments	(42,417)	—	(30,950)
Net cash paid upon disposal of a subsidiary	(4,005)	—	—
Cash received from disposal of an equity investee	157	—	—
Net cash (used in)/provided by investing activities	9,885	(64,289)	(157,997)

36Kr Holdings Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	For the year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Cash flows from financing activities:			
Proceeds from initial public offering, net of issuance costs	109,045	(21,617)	—
Proceeds from bank loan	—	—	10,000
Repayment of bank loan	—	—	(5,000)
Proceeds from employee options exercised	—	8	7
Proceeds from loans provided by a third party	8,266	—	—
Repayments of loans provided by a third party	(8,483)	—	—
Proceeds from issuance of Series D preferred shares, net of issuance cost	169,750	—	—
Share repurchase	(2,333)	(11,748)	(5,780)
Cash paid to acquire a non-controlling interest	(4,803)	—	—
Capital injection from non-controlling interest shareholders	6,895	520	750
Net cash provided by/(used in) financing activities	278,337	(32,837)	(23)
Effect of exchange rate changes on cash, cash equivalents and restricted cash held in foreign currencies	(376)	(2,780)	(822)
Net increase/(decrease) in cash, cash equivalents and restricted cash	128,909	(117,031)	36,119
Cash, cash equivalents and restricted cash at beginning of the year	48,968	177,877	60,846
Cash, cash equivalents and restricted cash at end of the year	177,877	60,846	96,965
Supplemental disclosures of cash flow information:			
Cash paid for income taxes, net of tax refund	(17,538)	(13,570)	(306)
Cash paid for interest expense	(78)	—	—
Supplemental schedule of non-cash investing and financing activities:			
Property and equipment purchases financed by other payable	122	111	107
Rental, interest and payroll expense contributed by a shareholder	242	—	—
Accretions of convertible redeemable preferred shares to redemption value	449,130	—	—
Accretion on redeemable non-controlling interests to redemption value	1,808	—	—
Re-designation of Series A-1 into Series B-3 convertible redeemable preferred shares	25,787	—	—
Re-designation of ordinary shares into Series B-3 convertible redeemable preferred shares	41,196	—	—
Re-designation of ordinary shares into Series B-4 convertible redeemable preferred shares	35,822	—	—
Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3, and issuance of Series A-1, A-2, B-1, B-2, B-3 preferred shares	309,984	—	—
Re-designation of ordinary shares into Series C-2 convertible redeemable preferred shares	36,977	—	—
Re-designation of Preferred Shares into Class A ordinary shares upon initial public offering	1,878,247	—	—
Accrued listing expense for the initial public offering	22,807	—	—

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Reorganization

(a) Nature of operations

36Kr Holdings Inc. (“36Kr” or the “Company”), is a holding company and conducts its business mainly through its subsidiaries, a VIE and subsidiaries of the VIE (collectively referred to as the “Group”). The Group is primarily engaging in providing content and business services to new economy participants in the People’s Republic of China (the “PRC”). The Group mainly generates revenues from providing online advertising services, enterprise value-added services and subscription services (collectively referred to as the “36Kr Business”). The Group’s principal operations and geographic markets are substantially located in PRC.

(b) Reorganization

The Group commenced operations in 2010. Beijing Xieli Zhucheng Finance Information Service Co., Ltd. (“Xieli”) was established in 2011 by Mr. Liu Chengcheng (the “Founder”) to carry out the Group’s principal business. In December 2016, the Group’s business was carved out from Xieli (“Carve-out”), and incorporated into a newly set up company named Beijing Duoke Information Technology Co., Ltd. (“Beijing Duoke”; formerly named as Beijing Pinxin Media Culture Co., Ltd. and Beijing Sanshiliuke Culture Media Co., Ltd.), which was then a wholly owned subsidiary of Xieli.

The Company was incorporated as a limited liability company in the Cayman Islands on December 3, 2018. Through a series of contemplated reorganization steps (the “Reorganization”), the Company established Beijing Dake Information Technology Co., Ltd. (“Beijing Dake”) in June 2019 to gain control over Beijing Duoke through contractual arrangements and thereafter the 36Kr Business was transferred to the Group upon the completion of the Reorganization. The Reorganization was approved by the Board of Directors and a reorganization framework agreement was entered into by the Company, Beijing Duoke, the Founder and the shareholders of Beijing Duoke in June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)

(b) Reorganization (Continued)

As of August 2, 2019, the Group has completed the steps of the Reorganization as described below, and Beijing Duoke has become VIE of the Group. The ownership structure of the major subsidiaries and VIE of the Group is:

Major subsidiaries	Place and year of Incorporation	Percentage of Direct or Indirect Economic Ownership	Principal activities
36Kr Holding Limited (“36Kr BVI” or “BVI Subsidiary”)	British Virgin Islands, established in 2018	100 %	Investment holding
36Kr Holdings (HK) Limited (“36Kr HK” or “HK Subsidiary”)	Hong Kong, established in 2018	100 %	Investment holding
Tianjin Duoke Investment Co., Ltd. (“Tianjin Duoke”)	The PRC, established in 2019	100 %	Investment holding
Tianjin Dake Information Technology Co., Ltd. (“Tianjin Dake”)	The PRC, established in 2019	100 %	Management consulting
Beijing Dake	The PRC, established in 2019	100 %	Management consulting

VIE	Place and year of Incorporation	Percentage of Economic Ownership	Principal activities
Beijing Duoke	The PRC, established in 2016	100 %	36Kr Business

VIE Major subsidiaries	Place and year of Incorporation	Percentage of Economic Ownership	Principal activities
Beijing Dianqier Creative Interactive Media Culture Co., Ltd. (“Dianqier”)	The PRC, established in 2017	100 %	Enterprise value-added services
Zhejiang Pinxin Technology Co., Ltd.	The PRC, established in 2019	100 %	Investment holding

The major reorganization steps are described as follows:

- (i) the Company was set up by the Founder in December 2018;
- (ii) the Company established a wholly owned subsidiary in British Virgin Islands (“BVI”), 36Kr BVI, in December 2018;
- (iii) 36Kr BVI established a wholly owned subsidiary in Hong Kong, 36Kr HK, in December 2018;
- (iv) 36Kr HK established a wholly owned subsidiary in the PRC, Tianjin Duoke, in May 2019;
- (v) Tianjin Duoke established a wholly owned subsidiary in the PRC, Tianjin Dake, in June 2019;
- (vi) Tianjin Duoke established another wholly owned subsidiary in the PRC, Beijing Dake, in June 2019;
- (vii) Beijing Dake entered into various contractual agreements (“VIE agreements”) as related to the VIE and the VIE’s shareholders in order to comply with PRC laws and regulations on internet business in August 2019;
- (viii) the Company issued ordinary shares at par value to ordinary shareholders of Beijing Duoke and Xieli for the respective equity interests that they held in Beijing Duoke in August 2019;
- (ix) In August 2019, the Company issued Series A-1, A-2, B-1, B-2, B-3 and B-4 convertible redeemable preferred shares to preferred shareholders of Xieli as consideration in exchange for the respective similar equity interests that they held indirectly in Beijing Duoke through Xieli. On the same date, the Company issued Series C-1 convertible redeemable preferred shares to preferred shareholders of Beijing Duoke as consideration in exchange for the respective similar equity interests that they held directly in Beijing Duoke.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)**(c) Basis of Presentation for the Reorganization**

The Reorganization consists of transferring the 36Kr Business to the Group, which is owned by the shareholders of Beijing Duoke and Xieli immediately before and after the Reorganization. The shareholding percentages and rights of each shareholder are substantially the same in Beijing Duoke and in the Company immediately before and after the Reorganization. Accordingly, the Reorganization is accounted for in a manner similar to a common control transaction because of the high degree of common ownership, and it is determined that the transfers lack economic substance. Therefore, the accompanying consolidated financial statements include the assets, liabilities, revenue, expenses and cash flows of 36Kr Business for the periods presented and are prepared as if the corporate structure of the Group after the Reorganization had been in existence throughout the periods presented. Accordingly, the effect of the ordinary shares and the preferred shares issued by the Company pursuant to the Reorganization have been presented retrospectively as of the beginning of the earliest period presented on the consolidated financial statement or the original issue date, whichever is later, as if such shares were issued by the Company when the Group issued such interests.

(d) Initial Public Offering

On November 8, 2019, the Company completed its initial public offering (the "IPO") on the NASDAQ. In the offering, 1,380,000 American depositary shares ("ADSs"), representing 34,500,000 Class A ordinary shares, were issued and sold to the public at a price of US\$14.50 per ADS. The net proceeds to the Company from the IPO, after deducting accrued and paid commissions and offering expenses, were approximately US\$12.33 million (RMB 86.24 million).

(e) Contractual agreements with the VIE

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content services, the Group operates its restricted businesses in the PRC through its VIE, whose equity interests are held by the Founder and other shareholders of the Group. The Company obtained control over the VIE by entering into a series of contractual arrangements with the legal shareholders who are also referred to as nominee shareholders. These nominee shareholders are the legal owners of the VIE. However, the rights of those nominee shareholders have been transferred to the Group through the contractual arrangements.

The contractual arrangements used to control the VIE are the power of attorney, equity pledge agreement, exclusive purchase option agreement and exclusive business cooperation agreement. The Company's management concluded that the Company, through the contractual arrangements, has the power to direct the activities that most significantly impact the VIE's economic performance and bears the risks of and enjoys the rewards normally associated with ownership of the VIE. Therefore, the Company is the ultimate primary beneficiary of the VIE. As such, the Company consolidates the financial statements of the VIE and its subsidiaries, and the financial results of the VIE were included in the Group's consolidated financial statements in accordance with the basis of presentation as stated in Note 2 (a).

The following is a summary of the contractual agreements that entered into by and among Beijing Dake, Beijing Duoke, and the nominee shareholders of Beijing Duoke.

Power of Attorney

Beijing Dake, Beijing Duoke and the shareholders of Beijing Duoke have entered into a power of attorney, pursuant to which each of the shareholders of Beijing Duoke irrevocably appointed Beijing Dake (as well as its successors, including a liquidator, if any, replacing Beijing Dake) or its designated persons to act on their respective behalf as exclusive agent and attorney, to the extent permitted by law, with respect to all rights of shareholders concerning all equity interests held by each of them in Beijing Duoke, including without limitation (i) to exercise all the shareholder's rights (including but not limited to voting rights and right to sell, transfer, pledge or dispose of all equity interests in Beijing Duoke held in part or in whole), (ii) to attend shareholders' meetings and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholders, and (iii) to file documents with the relevant companies registry. The agreement will remain effective until Beijing Dake unilaterally terminates the agreement in writing or all equity interests in Beijing Duoke held by its shareholders are transferred or assigned to Beijing Dake or its designated representatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)**(e) Contractual agreements with the VIE (Continued)**

Equity Pledge Agreement

Beijing Dake, Beijing Duoke and the shareholders of Beijing Duoke have entered into an equity pledge agreement, pursuant to which the shareholders of Beijing Duoke have pledged all of their equity interests in Beijing Duoke that they own, including any interest or dividend paid for the shares, to Beijing Dake as a security interest to guarantee the performance by Beijing Duoke and its shareholders' performance of their respective obligations under the exclusive business cooperation agreement, exclusive purchase option agreement and power of attorney. Upon the discovery of the occurrence of any circumstances or event that may lead to an event of default (as defined in the equity pledge agreement), Beijing Dake, as the pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. Beijing Dake is not liable for any loss incurred by its due exercise of such rights and powers. This pledge will become effective on the date the pledged equity interests are registered with the relevant office of industry and commerce and will remain effective until the pledgors are no longer the shareholders of Beijing Duoke.

Exclusive Purchase Option Agreement

Beijing Dake, Beijing Duoke and the shareholders of Beijing Duoke have entered into an exclusive purchase option agreement, pursuant to which each of the shareholders of Beijing Duoke irrevocably granted Beijing Dake or its designated representatives an exclusive option to purchase, to the extent permitted under PRC law, all or part of his, her or its equity interests in Beijing Duoke. Beijing Dake or its designated representatives have sole discretion as to when to exercise such options, either in part or in full, once or at multiple times at any time. Without Beijing Dake's prior written consent, the shareholders of Beijing Duoke shall not sell, transfer, mortgage or otherwise dispose of their equity interests in Beijing Duoke, or allow the encumbrance thereon. The agreement will remain effective until all equity interests in Beijing Duoke held by its shareholders are transferred or assigned to Beijing Dake or its designated representatives.

Exclusive Business Cooperation Agreement

Beijing Dake and Beijing Duoke have entered into an exclusive business cooperation agreement, pursuant to which Beijing Dake has the exclusive right to provide to Beijing Duoke technical support, consulting services and other services related to Beijing Duoke's business, including business management, daily operations, strategic planning, among others. Beijing Dake has granted Beijing Duoke the right to register its intellectual property rights under Beijing Duoke. Beijing Dake has the right to purchase such intellectual property rights from Beijing Duoke at nominal prices. The scope of the services provided by Beijing Dake may be expanded from time to time per Beijing Duoke's request. The timing and amount of the service fee payments shall be determined at the sole discretion of Beijing Dake. The term of this agreement is indefinite unless Beijing Dake unilaterally terminates the agreement in writing.

Risks in relation to the VIE structure

A significant part of the Group's business is conducted through the VIE of the Group, of which the Company is the ultimate primary beneficiary. In the opinion of the management, the contractual arrangements with the VIE and the nominee shareholders are in compliance with PRC laws and regulations and are legally binding and enforceable. The nominee shareholders indicate they will not act contrary to the contractual arrangements. However, there are substantial uncertainties regarding the interpretation and application of the PRC laws and regulations including those that govern the contractual arrangements, which could limit the Group's ability to enforce these contractual arrangements and if the nominee shareholders of the VIE were to reduce their interests in the Group, their interest may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the contractual arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)**(e) Contractual agreements with the VIE (Continued)***Risks in relation to the VIE structure (Continued)*

The CEO along with other employees own the majority of the voting shares of the VIE. The enforceability, and therefore the benefits, of the contractual agreements between the Company and the VIE depend on these individuals enforcing the contracts. There is a risk that the benefits of ownership between the Company and the VIE may not be aligned in the future. Given the significance and importance of the VIE, there would be a significant negative impact to the Company if these contracts were not enforced.

The Group's operations depend on the VIE to honour its contractual agreements with the Group and the Company's ability to control the VIE also depends on the authorization by the shareholders of the VIE to exercise voting rights on all matters requiring shareholder approval in the VIE. The Company believes that the agreements on authorization to exercise shareholder's voting power are legally enforceable and the possibility that it will no longer be able to control and consolidate the VIE as a result of the aforementioned risks and uncertainties is remote.

It is possible that the Group's operation of certain of its operations and businesses through the VIE could be found by PRC authorities to be in violation of PRC law and regulations prohibiting or restricting foreign ownership of companies that engage in such operations and businesses. While the Group's management considers the possibility of such a finding by PRC regulatory authorities under current law and regulations to be remote, on March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, effective on January 1, 2020 and replace three existing laws regulating foreign investment in China, namely, the Wholly Foreign-Invested Enterprise Law of the PRC, the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC and the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC, together with their implementation rules and ancillary regulations. The Foreign Investment Law of the PRC 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. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. For example, the Foreign Investment Law of the PRC adds a catch-all clause to the definition of "foreign investment" so that foreign investment, by its definition, includes "investments made by foreign investors in China through other means defined by other laws or administrative regulations or provisions promulgated by the State Council" without further elaboration on the meaning of "other means." It leaves leeway for the future legislations promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. It is therefore uncertain whether the Group's corporate structure will be seen as violating the foreign investment rules as the Group are currently leveraging the contractual arrangements to operate certain businesses in which foreign investors are prohibited from or restricted to investing. Furthermore, if future legislations prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangement, the Group may face substantial uncertainties as to whether the Group can complete such actions in a timely manner, or at all. If the Group fail to take appropriate and timely measures to comply with any of these or similar regulatory compliance requirements, the Group's current corporate structure, corporate governance and business operations could be materially and adversely affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)

(e) Contractual agreements with the VIE (Continued)

Risks in relation to the VIE structure (Continued)

If the Group's corporate structure or the contractual arrangements with the VIE were found to be in violation of any existing or future PRC laws and regulations, the PRC regulatory authorities could, within their respective jurisdictions:

- revoke the business licenses and/or operating licenses of such entities;
- discontinue or place restrictions or onerous conditions on the Group's operation through any transactions between the PRC subsidiary and the VIE;
- impose fines, confiscate the income from the PRC subsidiary or the VIE, or impose other requirements with which the VIE may not be able to comply;
- require the Group to restructure the ownership structure or operations, including terminating the contractual arrangements with the VIE and deregistering the equity pledges of the VIE, which in turn would affect the Group's ability to consolidate, derive economic interests from, or exert effective control over the VIE;
- restrict or prohibit the Group's use of the proceeds of this offering to finance the Group's business and operations in China; or
- take other regulatory or enforcement actions that could be harmful to the Group's business.

The imposition of any of these restrictions or actions could result in a material adverse effect on the Group's ability to conduct its business. In such case, the Group may not be able to operate or control the VIE, which may result in deconsolidation of the VIE in the Group's consolidated financial statements. In the opinion of the management, the likelihood for the Group to lose such ability is remote based on current facts and circumstances. The Group believes that the contractual arrangements among the VIE, its shareholders and relevant wholly foreign owned enterprise are in compliance with PRC law and are legally enforceable. The Group's operations depend on the VIE to honor its contractual arrangements with the Group. These contractual arrangements are governed by PRC law and disputes arising out of these agreements are expected to be decided by arbitration in the PRC. The Company's management believes that each of the contractual arrangements constitutes valid and legally binding obligations of each party to such contractual arrangements under the PRC laws. However, the interpretation and implementation of the laws and regulations in the PRC and their application on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIE or the nominee shareholders of the VIE fail to perform their obligations under those arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)

(e) Contractual agreements with the VIE (Continued)

Risks in relation to the VIE structure (Continued)

The following financial information of the Group's VIE and the VIE's subsidiaries as of December 31, 2020 and 2021 and for the years ended December 31, 2019, 2020 and 2021 is included in the accompanying consolidated financial statements of the Group as follows:

	December 31, 2020	December 31, 2021
	RMB'000	RMB'000
Current assets:		
Cash and cash equivalents	11,494	42,047
Short-term investments	122,277	99,017
Accounts receivable, net	304,845	179,986
Amounts due from the Company and its subsidiaries	16,106	16,137
Receivables due from related parties of the Group	89	3,620
Prepayments and other current assets	14,566	42,312
Non-current assets:		
Property and equipment, net	3,937	3,157
Intangible assets, net	471	808
Long-term investments, net	—	30,976
Operating lease right-of-use assets, net	27,365	13,818
Total assets	<u>501,150</u>	<u>431,878</u>
Current liabilities:		
Accounts payable	64,641	56,069
Salary and welfare payables	32,749	37,631
Taxes payable	17,207	11,311
Deferred revenue	18,849	28,863
Amounts due to the Company and its subsidiaries	199,392	143,331
Amounts due to related parties of the Group	548	1,328
Accrued liabilities and other payables	8,219	12,621
Short-term bank loan	—	5,000
Operating lease liabilities	15,132	16,302
Non-current liabilities:		
Operating lease liabilities	12,426	586
Total liabilities	<u>369,163</u>	<u>313,042</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Nature of Operations and Reorganization (Continued)

(e) Contractual agreements with the VIE (Continued)

Risks in relation to the VIE structure (Continued)

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Inter-company revenues	—	—	25
Third-party revenues	655,241	386,861	316,632
Cost of revenues	(392,569)	(282,772)	(147,654)
Gross profit	262,672	104,089	169,003
Operating expenses	(259,867)	(284,163)	(190,249)
Income/(Loss) from operations	2,805	(180,074)	(21,246)
Share of loss from equity method investments	—	—	26
Short-term investments income	3,237	1,416	1,768
Others, net	8,572	12,021	5,602
Income/(Loss) before income tax	14,614	(166,637)	(13,850)
Income tax expenses	(19,672)	(3,814)	(111)
Net loss	(5,058)	(170,451)	(13,961)

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Net cash (used in)/provided by operating activities	(133,255)	57,273	266,927
Purchase of short-term investments	(451,450)	(504,571)	(571,110)
Proceeds from maturities of short-term investments	557,189	423,937	594,927
Investment in long-term investments	—	—	(30,950)
Loan paid to inter-company entities	—	(150)	(5,000)
Loan collected from inter-company entities	—	—	5,000
Cash received from customer in relation to advertisement agent services	—	—	26,295
Cash paid on behalf of the customer in relation to advertisement agent services	—	—	(179,036)
Others	(7,434)	(2,777)	(4,180)
Net cash (used in)/provided by investing activities	98,305	(83,561)	(164,054)
Proceeds from initial public offering, net of issuance costs	(6,094)	(6,000)	—
Share repurchase	(2,333)	—	—
Capital injection from noncontrolling interest shareholders	6,895	520	750
Proceeds from loans provided by inter-company entities	87,170	35,910	25,010
Repayments of loans provided by inter-company entities	—	(5,000)	(103,080)
Cash paid in connection with the reorganization	(87,170)	—	—
Others	(82)	(19)	5,000
Net cash provided by/(used in) financing activities	(1,614)	25,411	(72,320)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash held in foreign currencies	(33)	—	—
Increase/(Decrease) in cash, cash equivalents and restricted cash	(36,597)	(877)	30,553
Cash, cash equivalents and restricted cash at beginning of year	48,968	12,371	11,494
Cash, cash equivalents and restricted cash at end of year	12,371	11,494	42,047

The Company's involvement with the VIE is through the contractual arrangements disclosed above. All recognized assets held by the VIE are disclosed in the table above. Unrecognized revenue-producing assets held by the VIE include the Internet Content Provision License, tradename of 36Kr, the domain names of 36kr.com, 36Kr mobile application, 36Kr official account on social networks, customer relationship relating to online advertising and enterprise value-added services, customer lists relating to subscription services and assembled workforce.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(e) Contractual agreements with the VIE (Continued)

Risks in relation to the VIE structure (Continued)

In accordance with various contractual agreements, the Company has the power to direct the activities of the VIE and can have assets transferred out of the VIE. Therefore, the Company considers that there are no assets in the respective VIE that can be used only to settle obligations of the respective VIE, except for the registered capital of the VIE as well as certain non-distributable statutory reserves. As the respective VIE is incorporated as limited liability company under the PRC Company Law, creditors do not have recourse to the general credit of the Company for the liabilities of the respective VIE. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIE. As the Group is conducting certain businesses in the PRC through the VIE, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

There is no VIE in the Group where the Company or any subsidiary has a variable interest but is not the primary beneficiary.

2. Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIE and the VIE’s subsidiaries for which the Company is the ultimate primary beneficiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(b) Principles of consolidation (Continued)

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power or has the power to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of the board of directors, or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, has the power to direct the activities that most significantly impact the entity's economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the entity, and therefore is the primary beneficiary of the entity.

All significant intercompany transactions and balances between the Company, its subsidiaries, the VIE and subsidiaries of the VIE have been eliminated upon consolidation.

A non-controlling interest is recognized to reflect the portion of a subsidiary's equity which is not attributable, directly or indirectly, to the Group. When the non-controlling interest is contingently redeemable upon the occurrence of a conditional event which is not solely within the control of the Group, the non-controlling interest is classified as mezzanine equity.

Consolidated net income/(loss) on the consolidated statements of comprehensive income/(loss) includes the net income/(loss) attributable to the non-controlling interests when applicable. For the years ended December 31, 2019, 2020 and 2021, the net income/(loss) attributable to the non-controlling interests were a loss of RMB 0.16 million, an income of RMB 0.89 million and a loss of RMB 1.04 million, respectively. Cash flows related to transactions with non-controlling interests holders are presented under financing activities in the consolidated statements of cash flows when applicable.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reporting periods in the consolidated financial statements and accompanying notes. Significant accounting estimates include, but are not limited to, determination of assessment for the allowance for credit loss, impairment of long-term investments, impairment of long-lived assets, valuation allowance of deferred tax assets and valuation and recognition of share-based compensation expenses. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

(d) Functional currency and foreign currency translation

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the Company is United States dollar ("US\$"). The functional currency of the Group's PRC entities, the VIE and the VIE's PRC subsidiaries is RMB. The determination of the respective functional currency is based on the criteria set out by ASC 830, Foreign Currency Matters.

Transactions denominated in foreign currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing on the transactions date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet dates. Exchange gains and losses arising from foreign currency transactions are recorded in the consolidated statements of comprehensive income/(loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)**(d) Functional currency and foreign currency translation (Continued)**

The financial statements of the Group's non-PRC entities are translated from their respective functional currencies into RMB. Assets and liabilities are translated into RMB using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in the current period are translated into RMB using the appropriate historical rates. Revenues, expenses, gains and losses are translated into RMB using the average exchange rates for the relevant period. The resulting foreign currency translation adjustments are reported in other comprehensive income/(loss) in the consolidated statements of comprehensive income/(loss), and the accumulated foreign currency translation adjustments are presented as a component of accumulated other comprehensive loss in the consolidated statements of changes in shareholders' (deficit)/equity. Total foreign currency translation adjustments included in the Group's other comprehensive income/(loss) were a net loss of RMB 3.29 million, a net loss of RMB 4.84 million and a net loss of RMB 1.09 million for the years ended December 31, 2019, 2020 and 2021, respectively.

(e) Fair value measurements

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- a. Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2—Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.
- c. Level 3—Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Transfers into or out of fair value hierarchy classifications are made if the significant inputs used in the financial models measuring the fair value of the assets and liabilities become unobservable or observable in the current marketplace. These transfers are considered to be effective as of the beginning of the period in which they occur. The Group did not transfer any assets or liabilities in or out of Level 2 during the years ended December 31, 2019, 2020 and 2021.

The Group's financial instruments consist principally of cash and cash equivalents, short-term investments, accounts receivable, receivables due from related parties, other receivables, long-term investments, accounts payable, accrued liabilities and other payables, short-term bank loan and amounts due to related parties.

As of December 31, 2020 and 2021, the fair values of cash and cash equivalents, accounts receivable, receivables due from related parties, other receivables, accounts payable, accrued liabilities and other payables, short-term bank loan and amounts due to related parties approximated their carrying values reported in the consolidated balance sheets due to the short term maturities of these instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(e) Fair value measurements (Continued)

On a recurring basis, the Group measures its short-term investments at fair value. For the details of the short-term investments, please refer to Note 2 (g).

On a nonrecurring basis, the Group measures the equity method investments at fair value only when the impairment charges were recognized. For those investments without readily determinable fair value, the Group measures them at fair value when observable price changes are identified or impairment charge was recognized. The fair values of the privately held investments were determined based on the discounted cash flow model using weighted average cost of capital (“WACC”) or based on the similar transaction price in the market directly. There was no impairment recognized for the year ended 2021.

The following table sets forth the Group’s assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

As of December 31, 2020

Assets	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Balance at fair value RMB’000
Short-term investments — Wealth management products	—	148,344	—	148,344

As of December 31, 2021

Assets	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Balance at fair value RMB’000
Short-term investments — Wealth management products	—	119,140	—	119,140

Wealth management products with Level 2 inputs are valued using quoted subscription or redemption prices published by the banks or using discounted cash flow method at a quoted rate of return provided by banks at the end of each year.

(f) Cash and cash equivalents

Cash and cash equivalents represent cash in banks and highly liquid investments placed with banks or other financial institutions, which are unrestricted to withdrawal or use, and which have original maturities of three months or less.

(g) Short-term investments

Short-term investments include investments in wealth management products issued by China Merchants Bank, which are redeemable by the Company at a periodic term or any working day within one year. The wealth management products are unsecured with variable interest rates and primarily invested in financial instruments with high credit rating and good liquidity in the interbank and exchange markets, including but not limited to debt securities issued by the PRC government, central bank bills, interbank and exchange-traded bond, and assets backed securities. The Company measures the short-term investments at fair value using the quoted subscription or redemption prices published by the bank or by discounting the future cash flows at the expected yield rate with reference to the expected benchmark yield rates of the wealth management products of the bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(h) Accounts receivable, net

Accounts receivable is the Group's right to consideration that is unconditional, and the right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. The carrying value of accounts receivable is reduced by an allowance that reflects the Group's best estimate of the amounts that will not be collected.

The Group makes estimations of the collectability of accounts receivable. Accounts receivable is measured at amortized cost and reported on the consolidated balance sheets at the outstanding principals adjusted for any write-offs and any allowance for credit losses, since the Group adopted ASC 326 beginning from January 1, 2021. In determining the amount of the allowance for credit losses, the Group considers historical collectability based on historical collection activity, current business environment and forecasts of future macroeconomic conditions that may affect the customers' ability of payment.

Expected credit losses

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments-Credit Losses* (Topic 326), and issued subsequent amendments to the initial guidance, transitional guidance and other interpretive guidance between November 2018 and March 2020 within ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-02 and ASU 2020-03. ASU 2016-13 introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including accounts receivable and notes receivable, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. Further, the new guidance indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. The allowance for accounts receivable is the Group's estimate of credit losses based on historical collection activity, current business environment and forecasts of future macroeconomic conditions that may affect the customers' ability of payment. The Group estimated the allowance by segmenting accounts receivable into pools based on certain credit risk characteristics, and determining an expected loss rate for each pool based on historical loss experience adjusted for judgments about the effects of relevant observable data including default rates, lifetime for debt recovery, current and future economic conditions.

The Group early adopted ASU 2016-13 beginning from January 1, 2021 on a modified retrospective basis and there was no material impact on the balance sheets and the consolidated statements of comprehensive income/(loss) as a result of adopting the new standard.

(i) Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated useful life
Electronic equipment and computers	3 to 5 years
Office furniture and equipment	3 years
Leasehold improvement	Lesser of the term of the lease or the estimated useful lives of the leasehold improvement

Repair and maintenance costs are charged to expenses as incurred, whereas the cost of renewals and betterment that extend the useful lives of property and equipment is capitalized as addition to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the assets and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of comprehensive income/(loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)**(j) Goodwill**

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Group's acquisitions of interests in its subsidiaries and consolidated VIE. In accordance with ASC 350, Goodwill and Other Intangible Assets, recorded goodwill amounts are not amortized, but rather are tested for impairment annually or more frequently if there are indicators of impairment present.

Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. These events or circumstances include a significant change in stock prices, business environment, legal factors, financial performances, competition, or events affecting the reporting unit. Under ASC 350-20-35, the Group has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly, which consists of a two-step quantitative impairment test. The first step is comparing the carrying amount of the reporting unit to the fair value of the reporting unit. If the fair value of the reporting unit exceeds the carrying value of the reporting unit, goodwill is not impaired and the Group is not required to perform further testing. If the carrying value of the reporting unit exceeds the fair value of the reporting unit, then the Group must perform the second step of the two-step quantitative goodwill impairment test to measure the amount of impairment loss by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The estimation of fair value of reporting unit using a discounted cash flow methodology also requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Group's business, estimation of the useful life over which cash flows will occur, and determination of the Group's weighted average cost of capital. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for the reporting unit.

(k) Impairment of long-lived assets

The Group evaluates its long-lived assets with finite lives for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, the Group evaluates the impairment by comparing carrying amount of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the long-lived assets over their fair value based on a discounted cash flow approach or, when available and appropriate, over comparable market values.

(l) Long-term investments

The Group's long-term investments primarily consist of equity investments accounted for using the measurement alternative and equity investments accounted for using the equity method.

Equity investments accounted for using the measurement alternative

Investments in entities in which the Group does not have significant influence and without readily determinable fair value are accounted for using the measurement alternative of accounting in accordance with ASU 2016-01, Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The Group records its share of measurement alternative investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes in orderly transactions for the identical or similar investment of the same issuer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)**(l) Long-term investments (Continued)**

The Group regularly evaluates the impairment of these investments based on performance and financial position of the investee as well as other evidence of market value. Such evaluation includes, but is not limited to, reviewing the investee's cash position, recent financing, projected and historical financial performance, cash flow forecasts and financing needs. An impairment loss recognized equals to the excess of the investment cost over its fair value at the end of each reporting period for which the assessment is made. The fair value would then become the new cost basis of investment.

Equity investments accounted for using the equity method

Investments in entities in which the Group can exercise significant influence but does not control or own a majority equity interest are accounted for using the equity method of accounting in accordance with ASC Topic 323 Investments-Equity Method and Joint Ventures. The Group adjusts the carrying amount of equity method investments for its share of the income or losses of the investee and reports the recognized income or losses in the consolidated statements of comprehensive income/(loss). The Group's share of the income or losses of an investee are based on the shares of common stock and in-substance common stock held by the Group. The Group records its share of the results of equity investments in 36Kr Global Holding (HK) Limited ("36Kr Global Holding") on a one quarter in arrears basis.

The Group continually reviews its investment in equity investees under equity method to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value, the financial condition, operating performance and the prospects of the equity investee, and other company specific information such as recent financing rounds. If the decline in fair value is deemed to be other-than-temporary, the carrying value of the equity investee is written down to fair value.

No impairment losses of long-term investments were recognized for the years ended December 31, 2019, 2020 and 2021.

(m) Revenue recognition

According to ASC 606, revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The Group determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price, including the constraint on variable consideration;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when (or as) the Group satisfy a performance obligation.

The following is a description of the accounting policy for the principal revenue streams of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)**(m) Revenue recognition (Continued)**

I. Online advertising services

Online advertising revenue is derived principally from advertising contracts with customers, which allow advertisers to place advertisements on agreed areas of the Company's PC website, mobile application and official accounts in other social networks, mainly in Weibo, Weixin/WeChat, and Toutiao (collectively referred to as "36Kr Platforms") in different formats and over a particular period of time. The Group displays advertisement provided by customers in a variety of forms such as full screen display, banners, and pop-ups. The Group also helps produce advertisements based on the customers' requests, and post the advertisements on the 36Kr Platforms to help promote customers' products and enhance their brand awareness. The Group has developed capabilities in generating and distributing its own and third-party high-quality content on 36Kr Platforms, there is no third-party content for fulfilling a promise to the customers for the years ended December 31, 2019, 2020 and 2021.

The Group generates its online advertising service revenue primarily (i) at a fixed fee per each day's advertisement display, which is known as the Cost Per Day ("CPD") model, and (ii) at a fixed fee per each advertisement posted on the 36Kr Platforms, which the Group refers as the cost-per-advertisement basis. The Group recognizes revenue for the amount of fees it receives from its advertisers, after deducting discounts and net of value-added tax ("VAT") under ASC 606.

The Group's online advertising contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenues to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices of each distinct performance obligation based on the prices charged to customers when sold on a standalone basis.

Under the CPD model, a contract is signed to establish a fixed price for the advertising services to be provided over a period of time. Given the advertisers benefit from the advertising evenly, the Group recognizes revenue on a straight-line basis over the period of display, provided all revenue recognition criteria have been met. Under the cost-per-advertisement model, as all the economic benefit enjoyed by the customer can be substantially realized at the time the advertisements are posted initially, the Group recognizes revenue at a point in time when it posts the advertisements initially.

II. Enterprise value-added services

The principal enterprise value-added services that the Group provides to customers are set out as follows:

(i) Integrated marketing

The Group provides one-stop media solutions to help its customers develop tailored and diverse marketing strategies to improve their marketing efficiency. Integrated marketing services include providing end customers with marketing plan, marketing event organization and execution on third-party media platforms, and public relations, etc. The Group considers itself as the principal for this type of services as it is the primary obligor for such service, it has control over the services provided to the customers from market planning through service delivered since a) the Group is able to direct suppliers to deliver advertising services on its behalf based on the integrated marketing plan set by the Group including the content, form, time and media platform of the advertisement; b) the Group is obligated to fulfill the promise to provide the integrated marketing services to customers; c) the Group has the discretion in setting the prices for the services. Therefore, the Group recognizes the revenues on a gross basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(m) Revenue recognition (Continued)

II. Enterprise value added services (Continued)

(ii) Online/Offline events

The Group organizes online and offline diverse events, such as summits, forums, industry conferences and fan festivals in a bid to create brand-building opportunities and to facilitate business cooperation and investment opportunities. The services provided by the Group to the customer who then becomes a sponsor of such events including for the sponsor to participate as a speaker, to launch new products of the sponsor, to place advertisements at events and the 36Kr Platforms during the course of events.

(iii) Consulting

The Group provides customized market research and industry reports to established companies. In addition, the Group also helps the customers to organize and execute business events.

In certain circumstances, the Group engages third-party suppliers to perform part of the aforementioned services in fulfilling its contract obligation. In these cases, the Group controls and takes responsibilities for such services before the services are transferred to the customer. The Group has the right to direct the suppliers to perform the service and control the goods or assets transferred to its customers. In addition, the Group combines and integrates the separate services provided by the suppliers into the specified marketing or business consulting solutions to its customers. Thus, the Group considers it should recognize revenue as a principal in the gross amount of consideration to which it is entitled in exchange for the specified services transferred.

Although a bundle of services are provided to the customers in each of the three services mentioned above, the Group's overall commitment in such contract arrangement is to transfer a combined item at a fixed fee, which is an integrated marketing or business consulting solution, to which the individual services are inputs. The integrated services are customized for the customers, and they are interdependent and interrelated. Therefore, the Group combines such bundle of services in the contracts into a single performance obligation. Most of the offline events are completed within several days, and most of the contracts of integrated marketing solution and business consulting are completed within one year. The revenues are recognized ratably over the duration of such events and activities.

(iv) Advertisement agent services

Starting from 2021, the Group as an agent coordinates and procures the third-party advertisement resources on behalf of its customers based on the purchase orders from the customers including the content, form, time and media platform of the advertisement. The Group considers itself as an agent for this services because the Group does not control the advertisement services provided to the customer which is evidenced by 1) the Group does not obtain control of the purchased advertisement services prior to its transfer to the customer; 2) the Group does not have the power to determine the specific advertisement services, which are all executed based on the instructions from the customers; 3) the Group cannot sell the purchased advertisement resources to parties other than the customers; 4) the Group does not integrate purchased advertisement services with the Group's other services and then provide them to the customer; and 5) the Group has limited pricing latitude for the services provided. Therefore, the Group recognize the revenues on a net basis. Acting as an agent, in addition to help procuring the advertising resources for the customers, the Group also pays on behalf of customer for the advertising resources procured, i.e., provides financing to the customer. The interest income from the financing is recognized as revenue over the period that the Group pays on behalf of the customer as it is part of the Group's normal business. The related cash flows for financing are presented as investing activities in the consolidated statements of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(m) Revenue recognition (Continued)

III. Subscription services

(i) Institutional investor and enterprise subscription services

The Group offers institutional investor and enterprise subscription services, a service package to institutional investors and to New Economy companies, which consists of creating their yellow pages on the 36Kr Platform, publishing articles about the customers on the 36Kr Platform, priority access to 36Kr's online and offline activities, etc. For enterprise subscribers the Group also offers online courses and one-on-one consulting. The Group offers such subscription benefits for a fixed period subscription fee.

Both the institutional investor and enterprise subscription services involve multiple performance obligations. The Group allocates revenues to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices of each distinct performance obligation based on the prices charged to customers when sold on a standalone basis. Where standalone selling price is not directly observable, the best estimate of the standalone selling price is taken into consideration of the pricing of advertisements or enterprise value-added services of the Group with similar characteristics and advertisements or services with similar formats and quoted prices from competitors and other market conditions. For most of such contracts, performance obligations are completed within one year. The revenue has been recognized over the period when such services are delivered or when the services are rendered based on the transaction price allocated to each performance obligation.

(ii) Individual subscription services

The Group provides paid columns, online courses and offline trainings services to its individual subscribers. The revenue of paid columns and online courses generated from the individual subscription services for the years ended December 31, 2019, 2020 and 2021 were not significant.

The revenue of paid columns and online courses are derived from providing fee-based online content to individuals on the 36Kr Platform. The revenues generated from paid columns and online courses are recognized evenly over the economic period that individual subscribers can benefit, which is usually less than one year.

The Group also provides offline training services, which is organized by the Group, and the Group is responsible for delivering the training to the individual subscribers and has primary responsibility and broad discretion to establish price. Therefore, the Group is considered the primary obligor in these transactions and recognize the revenues at a gross basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(m) Revenue recognition (Continued)

III. Subscription services (Continued)

In the following table, the total revenue is disaggregated by the major service lines mentioned above.

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Online advertising services	283,426	172,811	214,722
Enterprise value-added services			
Integrated marketing	250,344	133,599	1,342
Offline events	53,861	26,992	32,127
Consulting	15,264	32,622	36,867
Advertisement agent services	—	—	3,696
Revenue for Enterprise value-added services	319,469	193,213	74,032
Subscription services			
Institutional investor subscription services	20,039	16,036	25,490
Enterprise subscription services	2,077	361	94
Individual subscription services	30,595	4,343	2,441
Revenue for Subscription services	52,711	20,740	28,025
Total revenue	655,606	386,764	316,779

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group records contract assets when the Group has a right to consideration in exchange for goods or services that it has transferred to a customer and when that right is conditioned on something other than the passage of time (for example, the entity's future performance). Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing, when the Group has satisfied its performance obligations and has the unconditional right to payment. As of December 31, 2020 and 2021, there were no contract assets recorded in the Group's consolidated balance sheets.

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (that is, a receivable), before the Group transfers a good or service to the customer, the Group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. Receipts in advance and deferred revenue relate to unsatisfied performance obligations at the end of the period and primarily consist of fees received from advertisers. Due to the generally short-term duration of the contracts, the majority of the performance obligations are satisfied in the following reporting period. Contract liability is presented as deferred revenue in the consolidated balance sheets. Revenue recognized for the years ended December 31, 2019, 2020 and 2021 that was included in the contract liabilities balance at the beginning of the period was RMB 4.23 million, RMB 8.16 million and RMB 18.85 million, respectively.

Practical expedients and exemptions

The Group generally expenses sales commissions when incurred because the amortization periods are generally one year or less. These costs are recorded within sales and marketing expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(n) Cost of revenues

The Group's cost of revenues consists primarily of (i) personnel-related expenses in relation to the content production and share-based compensation expenses; (ii) advertising content producing costs, such as video production costs; (iii) execution fee of enterprise value-added services mainly including advertising resources procurement cost, site fee and cost of offline event; (iv) impairment of long-lived assets; (v) equipment location rental fee and operating expense.

(o) Sales and marketing expenses

Sales and marketing expenses consist primarily of personnel-related expenses including sales commissions related to the sales and marketing personnel and share-based compensation expenses; marketing and promotional expenses including promotion activity outsourcing costs; rental expenses and depreciation expenses.

Advertising costs are expensed as incurred, and are included in sales and marketing expenses. For the years ended December 31, 2019, 2020 and 2021, total advertising expenses were RMB 0.70 million, RMB 6.34 million and RMB 7.27 million, respectively.

(p) General and administrative expenses

General and administrative expenses consist primarily of payroll and related expenses for employees involved in general corporate functions, including finance, legal and human resources; share-based compensation expenses, provision of allowance for doubtful accounts, costs associated with use by these functions of facilities and equipment, such as depreciation, rental and other general corporate related expenses.

(q) Research and development expenses

Research and development expenses consist primarily of (i) personnel-related expenses associated with the development of, enhancement to, and maintenance of the Group's PC websites, mobile applications and mobile websites; (ii) technology expenses related to technology procurement device maintenance and testing; and (iii) rental expense and depreciation of servers.

For internal use software, the Group expenses all costs incurred for the preliminary project stage and post implementation-operation stage of development, and costs associated with repair or maintenance of the existing platform. Costs incurred in the application development stage are capitalized and amortized over the estimated useful life. Since the amount of the Company's research and development expenses qualifying for capitalization has been immaterial, as a result, all development costs incurred for development of internal used software have been expensed as incurred.

For external use software, costs incurred for development of external use software have not been capitalized, because the period after the date technical feasibility is reached and the time when the software is marketed is short historically, and the amount of costs qualifying for capitalization has been immaterial.

(r) Operating lease and adoption of ASU 2016-02

On February 25, 2016, the FASB issued ASU 2016-02 Leases (Topic 842), which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)**(r) Operating lease and adoption of ASU 2016-02 (Continued)**

The Group applied ASU 2016-02 beginning from January 1, 2020 and elected to apply practical expedients permitted under the transition method that allow the Group to use the beginning of the period of adoption as the date of initial application, to not recognize lease assets and lease liabilities for leases with a term of twelve months or less, and to not reassess lease classification, treatment of initial direct costs, or whether an existing or expired contract contains a lease. The Group used the modified retrospective method and did not recast the prior comparative periods. Under the new lease standard, the Group determines if an arrangement is or contains a lease at inception. Right-of-use assets and liabilities are recognized at lease commencement date based on the present value of remaining lease payments over the lease terms. The Group considers only payments that are fixed and determinable at the time of lease commencement.

As a result of the adoption, the Group recorded an operating lease right-of-use assets and lease liabilities of approximately RMB 41.9 million and RMB 42.1 million, respectively, on January 1, 2020, primarily related to the leased office space. The adoption had no material impact on the Group's consolidated statements of comprehensive income/(loss) for the year ended December 31, 2020 or the opening balance of accumulated deficit as of January 1, 2020.

(s) Share-based compensation

All share-based awards granted to employees, including restricted share units and share options, are measured at fair value on grant date. Share-based compensation expense is recognized using the straight-line vesting method for awards that contain only service conditions. For the share options granted with performance conditions, the share-based compensation expenses are recorded using graded vesting method when the performance condition is considered probable. The Group early adopted ASU 2016-09 from the earliest period presented to recognize the effect of forfeiture in compensation cost when they occur.

The Group uses the binomial option pricing model to estimate fair value of the share options. The determination of estimated fair value of share-based awards on the grant date using an option pricing model is affected by the fair value of underlying ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of underlying ordinary shares over the expected term of the awards, actual and projected share option exercise behaviors, a risk-free interest rate and any expected dividends. The underlying ordinary shares which do not have quoted market prices before the Company's initial public offering, were valued based on the income approach with a discount for lack of marketability. Determination of estimated fair value of the underlying ordinary shares requires complex and subjective judgments due to their limited financial and operating history, and unique business risks.

Cancellation of an award accompanied by the grant of a replacement award is accounted for as a modification of the terms of the cancelled award ("modification awards"). The compensation costs associated with the modification awards are recognized if either the original vesting condition or the new vesting condition has been achieved. If the awards are expected to vest under the original vesting condition, the compensation cost would be recognized regardless of whether the employee satisfies the modified condition. Such compensation costs cannot be less than the grant-date fair value of the original award. The incremental compensation cost is measured as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date. Therefore, in relation to the modification awards, the Group recognizes share-based compensation over the vesting periods of the new awards, which comprises (i) the amortization of the incremental portion of share-based compensation over the remaining vesting term and (ii) any unrecognized compensation cost of original award, using either the original term or the new term, whichever is higher for each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)**(t) Employee benefits**

The Group's consolidated subsidiaries, the VIE and the VIE's subsidiaries in the PRC (the "PRC Entities") participate in a government-mandated multi-employer defined contribution plan pursuant to which certain retirement, medical and other welfare benefits are provided to employees. The relevant labor regulations require the PRC Entities to pay the local labor and social welfare authorities' monthly contributions at a stated contribution rate based on the monthly basic compensation of qualified employees. The relevant local labor and social welfare authorities are responsible for meeting all retirement benefits obligations and the PRC Entities have no further commitments beyond their monthly contributions. The contributions to the plan are expensed as incurred. Employee social security and welfare benefits included as cost and expenses in the consolidated statements of comprehensive income/(loss) were approximately RMB 32.90 million, RMB 21.18 million and RMB 36.41 million for the years ended December 31, 2019, 2020 and 2021, respectively.

(u) Taxation*Income taxes*

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

The Group follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the temporary differences between the financial statements carrying amounts and tax basis of existing assets and liabilities by applying enacted statutory tax rates that will be in effect in the period in which the temporary differences are expected to reverse. The Group records a valuation allowance to reduce the amount of deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive income/(loss) in the period of change.

Uncertain tax positions

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likelihood of being realized upon settlement. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheets and under other expenses in its consolidated statements of comprehensive income/(loss). The Group did not have any unrecognized uncertain tax positions as of and for the years ended December 31, 2019, 2020 and 2021.

(v) Government grant

Government grant primarily represents subsidies for operating a business and initial public offering expenditures. These grants are not subject to any specific requirements and are recorded when received. For the years ended December 31, 2019, 2020 and 2021, government grants amounted to approximately RMB 0.5 million, RMB 10.1 million, and RMB 3.3 million, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(w) Other income — Others, net

Others, net mainly represent interest income, interest expense, and foreign currency exchange gains or losses.

(x) Comprehensive income

Comprehensive income is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive income is reported in the consolidated statements of comprehensive income/(loss). Accumulated other comprehensive income/(loss), as presented on the Group's consolidated balance sheets, includes the foreign currency translation.

(y) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholders, or a related corporation.

(z) Segment reporting

The Group's chief operating decision maker ("CODM") has been identified as its Chief Executive Officer, who reviews the consolidated results when making decision about allocating resources and assessing performance of the Group as a whole. Hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. The Group's long-lived assets are substantially all located in the PRC and substantially all of the Group's revenues are derived from the PRC. Therefore, no geographical segments are presented.

The Group's organizational structure is based on a number of factors that the CODM uses to evaluate, view and run the Group's business operations, which include, but are not limited to, customer base, homogeneity of services and technology. The Group's reporting segment is based on its organizational structure and information reviewed by the Group's CODM to evaluate the reporting segment result.

(aa) Statutory reserves

The Group's consolidated subsidiaries, the VIE and VIE's subsidiaries established in the PRC are required to make appropriations to certain non-distributable reserve funds.

In accordance with the law applicable to the Foreign Investment Enterprises established in the PRC, the Company's subsidiaries registered as wholly-owned foreign enterprise have to make appropriations from their annual after-tax profit (as determined under generally accepted accounting principles in the PRC ("PRC GAAP")) to reserve funds including general reserve fund, enterprise expansion fund and staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the annual after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the company. Appropriation to the enterprise expansion fund and staff bonus and welfare fund are made at the respective company's discretion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

(aa) Statutory reserves (Continued)

In addition, in accordance with the PRC Company Law, the Group's VIE registered as Chinese domestic company must make appropriations from its annual after-tax profits as determined under the PRC GAAP to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the annual after-tax profits as determined under the PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the company. Appropriation to the discretionary surplus fund is made at the discretion of the company.

The use of the general reserve fund, enterprise expansion fund, statutory surplus fund and discretionary surplus fund are restricted to offsetting of losses or increasing of the registered capital of the respective company. The staff bonus and welfare fund is a liability in nature and is restricted to fund payment of special bonus to employee and for the collective welfare of all employees. None of these reserves are allowed to be transferred to the company in terms of cash dividends, loan or advances, nor can they be distributed except under liquidation.

Profit appropriation to above reserve funds was made for the Group's entities established in the PRC was RMB 1.08 million, RMB 0.66 million and RMB 0.30 million for the years ended December 31, 2019, 2020 and 2021, respectively.

(ab) Net loss per share

Net loss per share is computed in accordance with ASC 260, "Earnings per Share". The two-class method is used for computing earnings per share in the event the Group has net income available for distribution. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. The Company's convertible redeemable preferred shares may be considered as participating securities because they are entitled to receive dividends or distributions on an as if converted basis if the Group has net income available for distribution under certain circumstances. Net losses are not allocated to other participating securities as they are not obligated to share the losses based on their contractual terms.

Diluted loss per share is calculated by dividing net income/(loss) attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Dilutive equivalent shares are excluded from the computation of diluted income per share if their effects would be anti-dilutive. Ordinary share equivalents consist of the ordinary shares issuable in connection with the Group's convertible redeemable preferred shares using the if-converted method, and ordinary shares issuable upon the vesting of the restricted share units or the exercise of share options, using the treasury stock method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Recently Issued Accounting Pronouncements

The Group qualifies as an “emerging growth company”, or EGC, pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. As an EGC, the Group does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards.

Investments—Equity securities (Topic 321), Investments—Equity method and joint ventures (Topic 323), and Derivatives and hedging (Topic 815). In January 2020, the FASB issued ASU 2020-01, “Investments—Equity securities (Topic 321), Investments—Equity method and joint ventures (Topic 323), and Derivatives and hedging (Topic 815)—Clarifying the interactions between Topic 321, Topic 323, and Topic 815”, which clarify the interaction of the accounting for equity securities under Topic 321 and investments under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. The amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 for public companies. Early adoption is permitted. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021 for the Group. There is no significant impact on the Group with the adoption of this guidance on its consolidated financial statements.

Income taxes (Topic 740). In December 2019, the FASB issued ASU 2019-12, “Income taxes (Topic 740)—Simplifying the accounting for income taxes”, which simplified the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, Income Taxes. The amendments also improve consistent application or and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This standard is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years for public companies. Early adoption is permitted. The standard is effective for the Group beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. There is no significant impact on the Group with the adoption of this guidance on its consolidated financial statements.

4. Concentrations and Risks**(a) Concentration of customers and suppliers**

Customers accounting for more than 10% of the Group’s total revenues for the years ended December 31, 2019, 2020 and 2021 and more than 10% of the Group’s accounts receivable, net as of December 31, 2020 and 2021 were as follows:

Revenues	For the year ended December 31,		
	2019	2020	2021
Customer B	31 %	32 %	*

Accounts receivable	As of December 31,	
	2020	2021
Customer A	11 %	*
Customer B	39 %	55 %

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Concentrations and Risks (Continued)**(a) Concentration of customers and suppliers (Continued)**

Suppliers accounting for more than 10% of the Group's total costs and expenses for the years ended December 31, 2019, 2020 and 2021 were as follows:

Costs and expenses	For the year ended December 31,		
	2019	2020	2021
Supplier C	27 %	22 %	*

* Less than 10%

No supplier accounts for more than 10% of the Group's accounts payable as of December 31, 2020 and 2021.

(b) Credit risk

The Group's credit risk primarily arises from cash and cash equivalents, short-term investments, receivables due from its customers, related parties and other parties. The maximum exposure of such assets to credit risk is the assets' carrying amounts as of the balance sheet dates. The Group expects that there is no significant credit risk associated with cash and cash equivalents and short-term investments which were held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries, VIE and the subsidiaries of the VIE are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

The Group believes that there is no significant credit risk associated with amounts due from related parties. Receivables due from customers are typically unsecured in the PRC and the credit risk with respect to which is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances.

(c) Foreign currency risk

The Group's operating transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. The value of the RMB is subject to changes by the central government policies and to international economic and political development. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in China must be processed through PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to effect the remittance.

(d) PRC regulations

The Group is required to obtain certain licenses to operate the Internet information services including Internet news information license, Internet audio-visual program transmission license, Internet publishing license and value-added telecommunication license. Online culture operating permit and production and operation of radio and television programs license may also be required by the relevant authorities due to the uncertainties of the interpretation of the related laws and regulations. Without these licenses, the PRC government may order the Group to cease its services, which may cause disruption to the Group's business operations. As of the date of the report, the Group has obtained the value-added telecommunication license, online culture operating license and production and operation of radio and television programs license by the relevant authorities and is in the process of applying for other licenses and permits for the certain operations of the businesses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Accounts Receivable, net

Accounts receivable, net consists of the following:

	December 31, 2020 RMB'000	December 31, 2021 RMB'000
Accounts receivable	429,049	302,200
Less: allowance for credit losses	(124,204)	(122,039)
Accounts receivable, net	<u>304,845</u>	<u>180,161</u>

Accounts receivable are generally non-interest bearing and are on terms between 90 to 270 days. In some cases, these terms are extended for certain qualifying long-term customers who have met specific credit requirements.

As of December 31, 2021, accounts receivable amounted to RMB 129.4 million has been derived from providing financing to the customer in connection with the advertisement agent services that mentioned in Note 2 (m)(II)(iv). There were no such accounts receivable as of December 31, 2020.

The movements in the allowance for credit losses are as follows:

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Balance at beginning of the year	(2,070)	(11,413)	(124,204)
Additional allowance for credit losses, net of recoveries	(9,504)	(125,563)	(8,681)
Write-offs	161	12,772	10,846
Balance at end of the year	<u>(11,413)</u>	<u>(124,204)</u>	<u>(122,039)</u>

6. Prepayments and Other Current Assets

Prepayments and other current assets consist of the following:

	December 31, 2020 RMB'000	December 31, 2021 RMB'000
Prepayments of copyright	7,862	—
Deposits	5,108	5,758
Prepayments of IT services	1,205	907
Prepayments of procurement cost	612	32,842
Others	1,532	3,105
Total	<u>16,319</u>	<u>42,612</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Property and Equipment, net

Property and equipment, net consists of the following:

	December 31, 2020 RMB'000	December 31, 2021 RMB'000
Electronic equipment and computers	16,502	17,532
Office furniture and equipment	2,398	2,725
Leasehold improvement	4,645	4,971
Total	23,545	25,228
Less: accumulated depreciation	(11,617)	(14,082)
Less: impairment	(7,987)	(7,987)
Property and equipment, net	<u>3,941</u>	<u>3,159</u>

Depreciation expenses were RMB 4.20 million, RMB 5.55 million and RMB 2.56 million for the years ended December 31, 2019, 2020 and 2021, respectively.

8. Long-term investments

Long-term investments consist of the following:

	December 31, 2020 RMB'000	December 31, 2021 RMB'000
Equity investments accounted for using the measurement alternative:		
Beijing Sharetimes Technology Co., Ltd.	—	30,000
Equity investments accounted for using the equity method:		
36Kr Global Holding (HK) Limited	16,300	10,466
Shanghai Xuanke Technology Co., Ltd.	—	976
Total	<u>16,300</u>	<u>41,442</u>

Until July 2019, 36Kr Global Holding, a 100% owned investment holding company by the Group in Hong Kong, owned a 75% equity interest in KRASIA PLUS PTE. LTD. ("KrAsia"), a subsidiary of the Group in Singapore by then.

In July 2019, 36Kr Global Holding acquired 67.5% equity interests in 36Kr Japan Co., Ltd. ("36Kr Japan") with the consideration of JPY 30 million, equivalent to approximately RMB 2 million. 36Kr Japan was 36Kr's platform in Japan to conduct similar businesses.

Upon the completion of the aforementioned transactions, 36Kr Global Holding became the Group's investment holding company owning the overseas businesses of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Long-term investments (Continued)

In late September 2019, the Group entered into an investment agreement (the "Investment Agreement") with one of the Series D preferred shares investors of the Company, Lotus Walk Inc. ("Lotus", 100% owned by Bytedance Ltd.). Pursuant to the Investment Agreement, the Group transferred 51% of the equity interest in 36Kr Global Holding to Lotus in exchange for the resources and technologies provided by Lotus to 36Kr Global Holding for the development of its overseas business, the Group agreed to invest US\$ 6 million in cash as well. The fair value of the resources and technologies that Lotus provided to 36Kr Global Holding on the disposal date was approximately US\$ 6.27 million determined by the Company with the assistance from an independent valuation firm. As a result, 36Kr Global Holding ceased to be a subsidiary of the Group and the remaining 49% equity interest in 36Kr Global Holding was accounted for as an investment using equity method, and the Group began recording its share of the operating results to the consolidated statements of comprehensive income/(loss) on a one quarter in arrears basis. The Group recognized a gain of approximately RMB 11.5 million arising from the deconsolidation of 36Kr Global Holding.

The share of loss from the equity method investment in 36Kr Global Holding recorded in the consolidated statements of comprehensive loss were RMB 23.5 million and RMB 5.5 million for the years ended December 31, 2020 and 2021, respectively.

In March 2021, the Group entered into a joint venture agreement, in which the Group and three other shareholders agree to jointly establish Shanghai Xuanke Technology Co., Ltd. ("Shanghai Xuanke"), which primarily engages in online video production business. Pursuant to the agreement, the Group owned 19% equity interest of Shanghai Xuanke at a consideration of RMB 0.95 million. The Group has 1 out of 3 seats in the board of directors. The Group considers itself has significant influence over Shanghai Xuanke and accounted for this as equity investment using the equity accounting method. During 2021, the Group recorded a share of gain of RMB 26 thousand from this equity investment.

In March 2021, the Group and three other investors entered into an investment agreement with Beijing Sharetimes Technology Co., Ltd. ("Sharetimes"), which primarily engages in operating of virtual intellectual property license of a series of cartoon images of movie stars. Pursuant to this agreement, the Group acquired 1.64% equity interests in Sharetimes, with a consideration of RMB 30.0 million. The Group has no significant influence over Sharetimes. Pursuant to ASC 321-10-35-2, as the investment in Sharetimes lacks readily determinable fair values, the Group elects to use the measurement alternative defined as cost, less impairments, adjusted by observable price changes in orderly transactions for the identical or a similar investment of the same issuer. As of December 31, 2021, the carrying value of the equity investment in Sharetimes was RMB 30.0 million.

9. Taxes Payable

The following is a summary of taxes payable as of December 31, 2020 and 2021:

	December 31, 2020	December 31, 2021
	RMB'000	RMB'000
VAT payable	16,818	12,060
Enterprise income taxes payable	232	80
Withholding individual income taxes for employees	1,466	121
Others	308	575
Total	<u>18,824</u>	<u>12,836</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Accrued Liabilities and Other Payables

The following is a summary of accrued liabilities and other payables as of December 31, 2020 and 2021:

	December 31, 2020	December 31, 2021
	RMB'000	RMB'000
Accrued professional fees	10,459	11,788
Accrued office rental expense	340	177
Accrued employee welfare expense, meal and travel expense	411	1,579
Guarantee deposits	330	330
Withholding employees' social insurance and housing fund	1,082	1,140
Others	938	2,487
Total	<u>13,560</u>	<u>17,501</u>

11. Leases

The Group has office space under non-cancelable operating lease agreement.

A summary of supplemental information related to operating leases as of December 31, 2020 and 2021 are as follows:

	December 31, 2020	December 31, 2021
	RMB'000	RMB'000
Operating lease right-of-use asset	27,365	13,818
Operating lease liabilities-current	(15,132)	(16,302)
Operating lease liabilities-non-current	(12,426)	(586)
Total operating lease liabilities	<u>(27,558)</u>	<u>(16,888)</u>
Weighted average remaining lease term	2.02 years	1.09 years
Weighted average discount rate	4.75 %	4.75 %

A summary of lease cost recognized in the Group's consolidated statements of comprehensive income/(loss) are as follows:

	December 31, 2020	December 31, 2021
	RMB'000	RMB'000
Other information		
Operating lease cost	15,306	15,481
Short-term lease cost	675	572
Total	<u>15,981</u>	<u>16,053</u>

A summary of supplemental cash flow information related to leases are as followed:

	December 31, 2020	December 31, 2021
	RMB'000	RMB'000
Cash payments for operating leases	15,351	12,604
Right-of-use assets obtained in exchange for lease obligations	546	1,971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Leases (Continued)

A summary of maturity of operating lease liabilities under the Group's non-cancelable operating leases as of December 31, 2021 is as follows:

	December 31, 2021
	RMB'000
2022	16,718
2023	429
2024	214
Total lease payment	17,361
Less: interest	473
Present value of operating lease liabilities	<u>16,888</u>

12. Ordinary Shares

In December 2018, the Company was incorporated as a limited liability company with authorized share capital of US\$50,000 divided into 500,000,000 shares with par value US\$0.0001 each. One ordinary share was issued upon inception.

In August 2019, the shareholders of the Company agreed to increase the authorized shares to 5,000,000,000 shares. As described in Note 1 (b), the Company issued ordinary shares and preferred shares in August 2019 to the ordinary shareholders and preferred shareholders of Beijing Duoke and Xieli as consideration to swap for the respective similar equity interests that they held in Beijing Duoke. Upon the completion of the Reorganization in August 2019, authorized ordinary shares are 4,326,574,000, of which issued and outstanding ordinary shares were 189,388,000 and issuable shares in connection to the vested restricted share units were 63,567,850, and the authorized, issued and outstanding Series A-1, A-2, B-1, B-2, B-3, B-4 and C-1 preferred shares were 65,307,000, 101,261,000, 250,302,000, 14,593,000, 56,105,000, 20,982,000 and 164,876,000, respectively.

On November 8, 2019, the Company completed an Initial Public Offering (IPO) with new issuance of totaling 34,500,000 Class A ordinary shares, representing 1,380,000 ADS, at a price of US\$14.5 per ADS.

Immediately upon the completion of the IPO, the Company adopted a dual-class share structure, consisting of Class A ordinary shares and Class B ordinary shares, with par value US\$0.0001 per share. 96,082,700 ordinary shares, held by the founders were re-designated into Class B ordinary shares on a one-for-one basis, the remaining ordinary share were re-designated into Class A ordinary shares on a one-for-one basis, and the issued and outstanding preferred shares, including Series A-1, A-2, B-1, B-2, B-3, C-1 and C-2, were automatically converted and re-designated into Class A ordinary shares on a one-for-one basis immediately prior to the completion of the IPO, and Series D preferred shares were converted into 40,044,520 of Class A ordinary shares immediately upon the completion of the IPO, reflecting the anti-dilution adjustments to the conversion rate based on the initial public offering price of US\$14.50 per ADS, which resulted in an increase in ordinary shares of 44,521 for these Series D preferred shares.

Each Class A ordinary share is entitled to one vote per share and each Class B ordinary share is entitled to twenty-five votes per share. Each Class B ordinary share can be converted into one Class A ordinary share at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares. The Company concluded that the adoption of dual-class share structure did not have a material impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Ordinary Shares (Continued)

There were 841,275,820 and 96,082,700 Class A and Class B ordinary shares issued and outstanding, respectively, as of December 31, 2019, as well as 61,006,382 vested restricted share units as of December 31, 2019.

There were 884,846,745 and 96,082,700 Class A and Class B ordinary shares issued, respectively, as of December 31, 2020, and 864,893,195 Class A (excluding 6,957,425 Class A ordinary shares issued to the depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise of awards granted under the 2019 Incentive Plan) and 96,082,700 Class B ordinary shares outstanding, respectively, as of December 31, 2020.

There were 907,346,745 and 96,082,700 Class A and Class B ordinary shares issued, respectively, as of December 31, 2021, and 876,278,170 Class A (excluding 17,428,425 Class A ordinary shares issued to the depository bank for bulk issuance of ADSs reserved for future issuances upon the exercise of awards granted under the 2019 Incentive Plan) and 96,082,700 Class B ordinary shares outstanding, respectively, as of December 31, 2021.

In addition, the outstanding ordinary shares also included 61,006,382, 36,281,400 and 27,507,989 share options under the 2019 incentive plan as of December 31, 2019, 2020 and 2021, which were deemed as ordinary shares from accounting's perspective as they were granted on September 7, 2019 to replace vested restricted share units of the same amount under the 2014 and 2016 incentive plan, and those vested restricted share units had been deemed as ordinary shares previously. The details are set forth in Note 16 Share-based Compensation.

13. Share repurchase program

In October 2019, the Group repurchased 2,561,468 ordinary shares from certain employees with total consideration of approximately RMB 2.3 million which did not exceed the fair value of the vested restricted shares at repurchase date.

On May 6, 2020, the Group announced its share repurchase program under which the Group may repurchase up to a total of 1,000,000 of its ADSs, each representing 25 Class A Ordinary Shares.

For the year ended December 31, 2020, the Group repurchased 519,845 ADSs or 12,996,125 ordinary shares for total consideration amounted to US\$1.7 million (RMB 11.7 million) on the open market, at a weighted average price of US\$3.3 per ADS.

For the year ended December 31, 2021, the Group repurchased 265,868 ADSs or 6,646,700 ordinary shares for total consideration amounted to US\$ 0.9 million (RMB 5.8 million) on the open market, at a weighted average price of US\$ 3.3 per ADS.

The Group accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of shareholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares

a. The following table summarizes the issuances of convertible redeemable preferred shares as of December 31, 2018.

Name	Issuance date	Issuance price per share RMB	Number of shares
Series A-1 preferred shares	November 2011	0.01	62,273,127
Series A-2 preferred shares	June 2012	0.06	81,008,717
Series B-1 preferred shares	September 2015	1.24	200,241,529
Series B-2 preferred shares	May 2016	3.21	11,674,379
Series B-3 preferred shares	September 2015	1.24	12,141,515
Series B-3 preferred shares	November 2016	3.12	7,220,212
Series B-4 preferred shares	March 2016	3.21	7,004,073
Series B-4 preferred shares	December 2016	3.21	2,334,688
Series C-1 preferred shares	October 2017 to January 2018	1.53	164,876,000

b. In March 2019, 10,027,455 Series A-1 preferred shares held by one of the holders of Series A-1 preferred shares were re-designated to Series B-3 preferred shares, which were then transferred to a new investor for a total amount of RMB 27,140,000. The Group did not receive any proceeds from this transaction.

The Group considered that such re-designation, in substance, was the same as a repurchase and cancellation of the Series A-1 preferred shares and simultaneously an issuance of the Series B-3 preferred shares. Therefore the Group recorded 1) difference between the fair value of the Series A-1 preferred shares and the carrying amount of the Series A-1 preferred shares against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital or by increasing the accumulated deficit once additional paid-in capital has been exhausted; and 2) difference between the fair value of the Series A-1 preferred shares and the fair value of the Series B-3 preferred shares as deemed distribution to preferred shareholders.

c. In April 2019, 17,215,818 and 11,643,239 ordinary shares held by the Founder who is also an employee of the Company, were re-designated to Series B-3 and Series B-4 preferred shares, respectively, which were then transferred to certain new investors for a total amount of RMB 30,896,752 and RMB 36,756,000, respectively. The Group did not receive any proceeds from this transaction.

The Group considered that such re-designation, in substance, was the same as a repurchase and cancellation of the ordinary shares and simultaneously an issuance of the preferred shares. Therefore the Company recorded 1) difference between the fair value and the par value of the ordinary shares, amounted to RMB 29,956,000 and RMB 20,261,000 for the re-designation of ordinary shares into Series B-3 and Series B-4 preferred shares, respectively, against additional paid-in capital or by increasing accumulated deficit once additional paid-in capital has been exhausted; and 2) difference between the fair value of the preferred shares and the fair value of the ordinary shares, amounted to RMB 11,230,000 and RMB 15,554,000 for the re-designation of ordinary shares into Series B-3 and Series B-4 preferred shares, respectively, as share-based compensation expenses in the Company's consolidated statements of comprehensive income/(loss).

d. To compensate the preferred shareholders for the dilution of their interests due to the adoption of the 2016 Incentive Plan set forth in Note 16, (i) in August 2019, immediately before the Reorganization, 15,553,793 ordinary shares and 12,927,101 vested restricted share units were re-designated to Series A-1, A-2, B-1, B-2 and B-3 preferred shares, which were then transferred to the existing holders of Series A-1, A-2, B-1, B-2 and B-3 preferred shares without consideration. (ii) 67,311,809 Series A-1, A-2, B-1, B-2 and B-3 preferred shares in total were issued to the existing holders of Series A-1, A-2, B-1, B-2 and B-3 preferred shares without consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares (Continued)

The Company considered that re-designation and free transfer of shares from ordinary shareholders to preferred shareholders mentioned in (i) above were, in substance, the same as a contribution from ordinary shareholders followed by a cancellation of those ordinary shares and simultaneously an issuance of the preferred shares for no consideration. Therefore the Company recorded the par value of those ordinary shares cancelled into additional paid-in capital, and recorded the fair value of the preferred shares as deemed distribution to preferred shareholders, against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital or by increasing the accumulated deficit once additional paid-in capital has been exhausted.

The issuance of the preferred shares as mentioned in (ii) above was recognized at the fair value at the date of issuance as mezzanine against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital or by increasing the accumulated deficit once additional paid-in capital has been exhausted.

e. After taking into account the transactions mentioned above, and pursuant to the Reorganization set forth in Note 1 (b), in August 2019, the Company issued 65,307,000, 101,261,000, 250,302,000, 14,593,000, 56,105,000, 20,982,000 and 164,876,000 shares of Series A-1, A-2, B-1, B-2, B-3, B-4 and C-1 preferred shares, respectively, to the same group of preferred shareholders of Beijing Duoke and Xieli as consideration in exchange for the respective similar equity interests that they held in Beijing Duoke. As set forth in Note 1 (c), the effect of the ordinary shares and the preferred shares issued by the Company pursuant to the Reorganization have been presented retrospectively as of the beginning of the earliest period presented on the consolidated financial statement or the original issue date, whichever is later.

f. In August 2019, the Company re-designated 12,545,000 ordinary shares held by the Founder to Series C-2 preferred shares, which were then transferred to one of the holders of Series C-1 preferred shares. The Company did not receive any proceeds from this transaction.

The Series C-2 preferred shares have no redemption right or liquidation preference, share the same voting right with other preferred shareholders, that is each Series C-2 preferred share shall be entitled to such number of votes as equals the whole number of ordinary shares into which such preferred share is convertible into, holders of such preferred shares shall vote together with the ordinary shareholders on all matters submitted to a vote by the members. Furthermore, Series C-2 preferred shares have the same dividend right as Series C-1 preferred shares to receive the dividend prior and in preference to any dividend on the Series B-4, B-3, B-2, B-1, A-2, A-1 preferred shares and the ordinary shares. In the event that any dividend is declared by the board, with respect to each holder of Series C-2 preferred shares, a non-cumulative dividend equal to (i) the dividend per share declared, multiplied by (ii) the number of the preferred shares held by the holders of such series preferred shares;

The Company recorded the fair value of Series C-2 on the issuance date in the mezzanine equity to the Consolidated Balance Sheets against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital or by increasing the accumulated deficit once additional paid-in capital has been exhausted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares (Continued)

g. In late September 2019, the Company issued 39,999,999 Series D preferred shares to certain preferred shareholders with an aggregate purchase price of US\$24,000,000. The Series D preferred shares has the similar rights, preferences and privileges with Series C-1 preferred shares except that Series D preferred shares are senior to Series C-2, C-1, B-4, B-3, B-2, B-1, A-2, A-1 preferred shares in terms of dividend right, liquidation preference and redemption right.

Collectively, all the Series A-1, A-2, B-1, B-2, B-3, B-4, C-1, C-2 and D convertible redeemable preferred shares are referred to as the "Preferred Shares".

h. Immediately upon the completion of the IPO, the Company converted all of Preferred Shares into Class A ordinary shares set forth in Note 12.

The major rights, preferences and privileges of the Preferred Shares are as follows:

Conversion rights

The Preferred Shares (exclusive of unpaid shares) would automatically be converted into ordinary shares 1) upon the qualified Initial Public Offering ("QIPO"); or 2) upon the written consent of the holders of a majority of the outstanding Preferred Shares of each class with respect to conversion of each class. The initial conversion ratio of Preferred Shares to ordinary shares shall be 1:1, subject to adjustments in the event of (i) share splits, share dividends, consolidations, recapitalization and similar events, or (ii) issuance of ordinary shares (excluding certain events such as issuance of ordinary shares pursuant to a public offering) at a price per share less than the conversion price in effect on the date of or immediately prior to such issuance or other dilutive events.

Voting rights

According to the Memorandum and Articles of Association of the Company, at all general meetings of the Company, each Preferred Share shall be entitled to such number of votes as equals the whole number of ordinary shares into which such Preferred Share is convertible immediately after the close of business on the record date of the determination of the Company's members entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company's members is first solicited. Holders of Preferred Shares shall vote together with the ordinary shareholders, and not as a separate class or series, on all matters submitted to a vote by the members.

Dividend rights

Subject to the Memorandum and Articles, with the prior written approval of the holders of the Preferred Shares representing at least two-thirds of the voting power of the outstanding Preferred shares, voting together as a single class on an as converted basis, the holders of Preferred Shares shall be entitled to receive, when and if declared by the board, non-cumulative dividends.

The order of distribution shall be made from senior shares to junior shares. That is from the holders of Series D preferred shares, holders of Series C-1 and C-2 preferred shares, holders of Series B-1 preferred shares, holders of Series B-2, B-3 and B-4 preferred shares, to holders of Series A-1 and A-2 preferred shares. No distribution to junior Preferred Shares until full payment of the amount distributable on the senior Preferred Shares. No dividend shall be paid on the ordinary shares at any time unless and until all dividends on the Preferred Shares have been paid in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares (Continued)

In the event that any dividend is declared by the board, with respect to each Series A-1, A-2, B-1, B-2, B-3, B-4, C-1, and D preferred shareholders, excluding Series C-2 preferred shareholders, a non-cumulative dividend equal to the higher of (i) each series' issue price $\times (1 + 8)\%^N$, excluding the issue price, multiplied by the number of preferred shares held by the holders of such series preferred shares (where N is a fraction, the numerator of which is the number of calendar days between the issue date or the last date when a dividend was paid in full to the holders of such series of preferred shares (whichever is later) and the date on which the contemplated dividend is declared and the denominator of which is 365), and (ii) the dividend per share declared, multiplied by the number of preferred shares held by such series preferred shareholders.

No dividends on preferred and ordinary shares have been declared since the issue date through December 31, 2019, 2020 and 2021.

Liquidation preference

Subject to any applicable law, in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon the occurrence of any deemed liquidation event, all assets and funds of the Company legally available for distribution to all the shareholders shall be distributed as follows:

The holders of preferred shares (exclusive of unpaid shares) shall be entitled to receive an amount per share equal to 100% of the issue price, plus all declared but unpaid dividends on such preferred shares, except for the holders of Series D and C-1 preferred shares who shall be entitled to receive an amount per share equal to the higher of (i) such portion of the assets and funds of the Company as each share (on an as-converted basis) is entitled to on a pro-rata basis; and (ii) the Series D and C-1 issue price $\times (1 + 12)\%^N$, plus all declared but unpaid dividends on such Series D and C-1 preferred share (where N is a fraction, the numerator of which is the number of calendar days between the Series D and C-1 issue date and the date on which such distribution is made and the denominator of which is 365). If the assets and funds of the Company shall be insufficient to make payment of the foregoing amounts in full on holders of Series D and C-1 preferred shares, then such assets and funds shall be distributed among the holders of this category preferred shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

The order of distribution or payment shall be made from senior shares to junior shares. That is from the holders of Series D preferred shares, holders of Series C-1 Preferred Shares, holders of Series B-1 Preferred Shares, holders of Series B-2, B-3 and B-4 Preferred Shares, holders of Series A-2 Preferred Shares to holders of Series A-1 Preferred Shares. After distribution or payment in full of the amount distributable or payable on the Preferred Shares, the remaining assets and funds of the Company available for distribution to the shareholders shall be distributed ratably among all the shareholders according to the relative number of shares held by such shareholders on an as-converted basis.

The deemed liquidation events include any of the following events: (i) any consolidation, amalgamation, scheme of arrangement or merger of the Company or other reorganization in which the shareholders of the Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50)% of the surviving entity's voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization; (ii) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group; (iii) any exclusive and irrevocable licensing or sale of all or substantially all of the Group's intellectual property to a third party (except for the licensing or sale of the Company's intellectual property in the ordinary course of business); (iv) cessation of the current primary business lines of the Group; (v) requisition or expropriation of any or all material assets of the Group by any governmental authority, which causes a material adverse effect; (vi) occurrence of material losses of any Group company which makes it unable to continue the business; and (vii) occurrence of material losses of any Group company due to force majeure, which makes it unable to continue the business in the foreseeable future; For the avoidance of doubt, the reorganization of the Company for the purpose of an IPO shall not be considered a liquidation event.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares (Continued)

Redemption right

Series A-2, B-1, B-2, B-3, B-4, C-1, and D Preferred Shares shall be redeemable (Series A-1 and C-2 does not have redemption right) at the holder's discretion, at any time (i) the Company has not completed an IPO or a trade sale approved by the shareholders in writing on or prior to December 31, 2022, (ii) the VIE agreements are held to be invalid or unenforceable under applicable laws and the economic or legal substance of the VIE agreements cannot be preserved by modification of the VIE agreements, (iii) the Company, certain holders of the ordinary shares or Mr. Dagang Feng ("Co-Founder"), is in material breach of its obligations, covenants or undertakings under the shareholders agreement of the Company, which is not waived in writing by the Preferred Shares' investors, (iv) the representations and warranties of the Company, certain holders of the ordinary shares or the Co-Founder contain any material false or fraudulent statement, which causes a material adverse effect, and (v) certain holders of the ordinary shares or the Co-Founder is in material violation of any applicable law or is subject to any criminal investigation, which causes a material adverse effect. Upon receipt of a redemption notice, the Company and the Co-Founder shall redeem the redeemable Preferred Shares and make payment to the shareholders within ninety days following the receipt of the redemption notice an amount on a per share basis calculated as follows:

The redemption price of Series D and C-1 preferred shares would be equal to the sum of (a) the Series D and C-1 issue price $\times (1 + 10)\%^N$, plus (b) any declared but unpaid dividends on a Series D and C-1 preferred share (where N is a fraction, the numerator of which is the number of calendar days between the Series D and C-1 issue date and the date on which such Series D and C-1 preferred shares are redeemed and the denominator of which is 365);

The redemption price of Series B-1, B-2, B-3, and B-4 preferred shares would be equal to the sum of (a) 120% of the Series B-1, B-2, B-3, and B-4 issue price or the fair market value of such shares (whichever is higher), plus (b) any declared but unpaid dividends on a Series B-1, B-2, B-3, and B-4 preferred share;

The redemption price of Series A-2 preferred shares would be equal to the sum of 300% of the Series A-2 issue price plus any declared but unpaid dividends on a Series A-2 preferred share;

Subject to applicable laws, the Company and the Co-Founder shall, jointly and severally, effect the redemption and make payment of the redemption price to each preferred shareholder in the following sequence and priority: (i) first, pay the Series D redemption price to the holders of Series D preferred shares on a pari passu basis (ii) second, after the full payment of the Series D redemption price, pay the Series C-1 redemption price to the holders of Series C-1 preferred shares on a pari passu basis; (iii) third, after the full payment of the Series D and Series C-1 redemption price, pay the Series B-1 redemption price to the holders of Series B-1 preferred shares on a pari passu basis; (iv) fourth, after the full payment of the Series D, Series C-1 and B-1 redemption price, pay the Series B-2, B-3, B-4 redemption price to the holders of Series B-2, B-3, B-4 preferred shares on a pari passu basis; (v) after redemption in full of the Series D, C-1, B-1, B-2, B-3 and B-4 preferred shares, redeem each Series A2 preferred shares requested to be redeemed.

The Co-Founder's obligations to the redemption right shall be limited to the financial value of the Company's securities directly or indirectly held by the Co-Founder. The Co-Founder shall not be obligated to make any payment under the Redemption in an amount exceeding the financial value of the Company's securities directly or indirectly held by the Co-Founder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares (Continued)

Accounting for Preferred Shares

The Company has classified the Preferred Shares in the mezzanine equity of the Consolidated Balance Sheets as they are contingently redeemable at the holders' option any time upon occurrences of certain events except for Series A-1 which were contingently redeemable upon the occurrence of certain liquidation events outside of the Company's control. The Company records accretions on the Preferred Shares to the redemption value from the issuance dates to the earliest redemption dates. The accretions are recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. Each issuance of the Preferred Shares was recognized at the respective fair value at the date of issuance net of issuance cost.

In respect of the Co-Founder's obligation to the redemption right, as it were directly linked to and incurred for the Preferred Shares issuance, the Group views it as appropriate to treat the amount of value related to such obligation as an issuance cost as it is similar to a finder's fee to find a new investor. Since the underlying shares issued are preferred shares, such issuance costs are recorded as a reduction of the balance of mezzanine, and also deemed as the contribution from the Co-Founder. With the rapid growth of the Group's business, the Group believes the fair value of such Co-Founder's obligation is immaterial since inception as the probability of triggering the Co-Founder's obligation is very remote taking into account independent valuations.

The Company has determined that there was no beneficial conversion feature attributable to any of the Preferred Shares because the initial effective conversion price of these Preferred Shares was higher than the fair value of the Company's ordinary shares determined by the Company with the assistance from an independent valuation firm.

When the preferred shareholders converted their Preferred Shares to ordinary shares upon completion of the IPO in November 2019, the Company calculated the accretion value of the preferred share through the IPO date and the difference between the carrying value of the preferred shares on the IPO date and the paid-in capital of ordinary share converted into were recognized in the additional paid-in capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Convertible Redeemable Preferred Shares (Continued)

The Group's Preferred Shares activities for the years ended December 31, 2019, 2020 and 2021 are summarized as below:

	Balance as of January 1, 2019	Issuance of Preferred Shares	Accretions of Preferred Shares to redemption value	Re-designation of Series A-1 into Series B-3 preferred shares	Re-designation of ordinary shares into Series B-3 preferred shares	Re-designation of ordinary shares into Series B-4 preferred shares	Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3 preferred shares, and issuance of Series A-1, A-2, B-1, B-2, B-3 preferred shares	Re-designation of ordinary shares into Series C-2 preferred shares	Conversion and re-designation of Preferred Shares	Balance as of December 31, 2019, 2020, and 2021
Series A-1 Preferred Shares										
Number of shares	62,273,127	—	—	(10,027,455)	—	—	13,061,328	—	(65,307,000)	—
Amount (RMB'000)	681	—	—	(110)	—	—	41,233	—	(41,804)	—
Series A-2 Preferred Shares										
Number of shares	81,008,717	—	—	—	—	—	20,252,283	—	(101,261,000)	—
Amount (RMB'000)	13,500	—	—	—	—	—	63,994	—	(77,494)	—
Series B-1 Preferred Shares										
Number of shares	200,241,529	—	—	—	—	—	50,060,471	—	(250,302,000)	—
Amount (RMB'000)	388,145	—	363,100	—	—	—	163,340	—	(914,585)	—
Series B-2 Preferred Shares										
Number of shares	11,674,379	—	—	—	—	—	2,918,621	—	(14,593,000)	—
Amount (RMB'000)	45,000	—	(1,722)	—	—	—	10,044	—	(53,322)	—
Series B-3 Preferred Shares										
Number of shares	19,361,727	—	—	10,027,455	17,215,818	—	9,500,000	—	(56,105,000)	—
Amount (RMB'000)	48,016	—	57,521	26,897	41,196	—	31,373	—	(205,003)	—
Series B-4 Preferred Shares										
Number of shares	9,338,761	—	—	—	—	11,643,239	—	—	(20,982,000)	—
Amount (RMB'000)	36,000	—	4,845	—	—	35,822	—	—	(76,667)	—
Series C-1 Preferred Shares										
Number of shares	164,876,000	—	—	—	—	—	—	—	(164,876,000)	—
Amount (RMB'000)	277,259	—	23,534	—	—	—	—	—	(300,793)	—
Series C-2 Preferred Shares										
Number of shares	—	—	—	—	—	—	—	12,545,000	(12,545,000)	—
Amount (RMB'000)	—	—	—	—	—	—	—	36,977	(36,977)	—
Series D Preferred Shares										
Number of shares	—	39,999,999	—	—	—	—	—	—	(39,999,999)	—
Amount (RMB'000)	—	169,750	1,852	—	—	—	—	—	(171,602)	—
Total number of Preferred Shares	548,774,240	39,999,999	—	—	17,215,818	11,643,239	95,792,703	12,545,000	(725,970,999)	—
Total amount of Preferred Shares (RMB'000)	808,601	169,750	449,130	26,787	41,196	35,822	309,984	36,977	(1,878,247)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Income Taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands (“BVI”)

Subsidiaries in the BVI are exempted from income tax on their foreign-derived income in the BVI. There are no withholding taxes in the BVI.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, a two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

The PRC

In accordance with the Enterprise Income Tax Law (“EIT Law”), Foreign Investment Enterprises (“FIEs”) and domestic companies are subject to Enterprise Income Tax (“EIT”) at a uniform rate of 25%. Beijing Duoke is recognized as “High-New Technology Enterprise” (“HNTE”) and is eligible for a 15% preferential tax rate effective from 2020 through 2022, upon the completion of its filings with the relevant tax authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the relevant authorities in China.

Composition of income tax

The following table presents the composition of income tax expenses for the years ended December 31, 2019, 2020 and 2021:

	For the year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Current income tax expense	22,978	373	155
Deferred taxation	(3,085)	3,391	(53)
Total	19,893	3,764	102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Income Taxes (Continued)

Reconciliation of the differences between statutory income tax rate and the effective income tax rate for the years ended December 31, 2019, 2020 and 2021 are as below:

	For the year ended December 31,		
	2019	2020	2021
	%	%	%
Statutory EIT rate	25.00	25.00	25.00
Effect of non-deductible expenses(1)	(386.74)	(5.78)	(6.60)
Tax incentives for research and development expense(2)	111.56	2.08	9.00
Tax incentives for wages of disabled staff	9.89	0.02	0.05
Preferential tax rate	—	1.15	0.48
Change in valuation allowance	(154.03)	(23.19)	(25.55)
Non-taxable item (3)	47.58	—	—
Tax rate difference from statutory rate in other jurisdictions	7.45	(0.72)	(2.49)
Others	8.72	0.07	—
Effective income tax rate	(330.57)	(1.37)	(0.11)

- (1) It is mainly comprised of share-based compensation expenses which are permanent differences.
- (2) According to policies promulgated by the State Tax Bureau of the PRC, certain of the Group's subsidiaries are entitled to tax incentives for research and development expenses at 175% of tax-deductible research and development expenses in 2019, 2020 and 2021.
- (3) It is due to the disposal gain arising from the disposal of 36Kr Global Holding.

Composition of deferred tax assets

Deferred taxes arising from PRC subsidiaries, the VIE and the VIE's subsidiaries were measured using the enacted tax rates for the periods in which they are expected to be reversed. The Group's deferred tax assets consist of the following components:

	December 31,	December 31,
	2020	2021
	RMB'000	RMB'000
Deferred tax assets - non-current:		
—Net operating tax losses carry forwards	30,536	46,031
—Allowances of doubtful accounts	18,906	18,702
—Property and equipment impairment	1,997	1,997
—Others	299	299
Total deferred tax assets	51,738	67,029
Less: valuation allowance	(51,738)	(67,029)
Total deferred tax assets, net	—	—

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's operating history, retained earnings, existence of taxable temporary differences and reversal periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Income Taxes (Continued)

As of December 31, 2021, the Group has incurred accumulated tax losses of RMB 234 million, increased from RMB 143 million as of December 31, 2020. The tax losses of the Group expire over different times intervals depending on local jurisdiction. As Beijing Duoke is recognized as HNTE, according to tax legislation released in 2018, the expiration year for tax losses has been extended from five years to ten years. Of these net tax losses carryforwards, RMB 11 million, RMB 28 million, RMB 81 million and RMB 114 million will expire in 2023, 2024, 2025 and after 2025, respectively, if not utilized. The Group believes that it is more likely that these net accumulated tax losses will not be utilized in the future. Therefore, the Group has provided full valuation allowance for the deferred tax assets amounted to RMB 67 million which arose from such net accumulated tax losses as of December 31, 2021.

Withholding income tax

The EIT Law imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise (“FIE”) to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. Such withholding income tax was exempted under the previous EIT Law. The Cayman Islands, where the Company is incorporated, does not have such a tax treaty with China. According to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate that may be lowered to 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation (“SAT”) further promulgated Circular [2009] 601 and SAT Public Notice [2018] No.9 regarding the assessment criteria on beneficial owner status. The Group did not record any dividend withholding tax, as the Group’s FIE, the WFOE, has no retained earnings in any of the periods presented.

16. Share-based Compensation*2019 Incentive Plan*

In September 2019, the Company adopted a share incentive plan (“2019 Incentive Plan”). The 2019 Incentive Plan permits the awards of options and the maximum aggregate number of ordinary shares which may be issued pursuant to all awards is 137,186,000. 91,548,120 restricted share units including both vested and unvested restricted share units under the 2014 and 2016 incentive plan adopted by the Group before the Reorganization set forth in Note 1 (b) were cancelled concurrently upon the adoption of the 2019 Incentive Plan, and each participant of the 2014 and 2016 incentive plan is expected to receive corresponding grants with similar terms except for the exercise price of US\$ 0.0001 and the performance condition added as disclosed below under the 2019 Incentive Plan. The cancellation of 2014 and 2016 incentive plan accompanied by the grant of a replacement award under 2019 Incentive Plan is accounted for as a modification of the terms of the cancelled award. Refer to Note 2 (s) for the accounting policy for such modification. The incremental value for the modification was nil. Under the 2019 Incentive Plan, the Company granted 129,590,471, 5,125,000 and 32,765,413 share options for the years ended December 31, 2019, 2020 and 2021, respectively, to certain directors and senior management.

In June 2021, the Company amended 2019 Incentive Plan with the approval of the board of directors, pursuant to which the maximum aggregate number of ordinary shares which may be issued under the updated 2019 Share Incentive Plan is 162,186,000.

Options granted to employees under the updated 2019 Incentive Plan were subject to both service condition and performance condition with various vesting schedules ranging from immediate to 4 years, and will be expired in ten years. For the share options with performance condition, an evaluation is made each quarter as to the likelihood of performance condition being met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Share-based Compensation (Continued)

The Company uses binomial option pricing model to determine the fair value of share options with the assistance of an independent third-party valuation firm. The estimated fair value of each share option granted is estimated with the following assumptions:

	For the year ended December 31,		
	2019	2020	2021
Expected volatility	50.22 %	50.22 %	49.29%-50.47 %
Expected dividend yield	—	—	—
Contractual term (in year)	10	10	10
Risk-free interest rate	1.66 %	1.66 %	1.38%-1.45 %

The expected volatility at grant date was estimated based on the annualized standard deviation of the daily return embedded in historical share prices of comparable peer companies with a time horizon close to the expected expiry of the term of the share options. The Company has never declared or paid any cash dividends on its capital stock, and the Company does not anticipate any dividend payments in the foreseeable future. Contractual term is the remaining contract life of the share options. The Company estimated the risk-free interest rate based on the yield to maturity of U.S. treasury bonds denominated in US\$ at the share option grant date.

The following table presents a summary of the Group's share options activities for the years ended December 31, 2019, 2020 and 2021:

	Number of shares	Weighted average exercise price US\$ per share	Aggregate intrinsic value US\$	Weighted average remaining contractual years
Outstanding at December 31, 2018	—	—	—	—
Granted during the year	129,590,471	0.0001		
Exercised during the year	—	—		
Forfeited during the year	(3,187,546)	0.0001		
Outstanding at December 31, 2019	126,402,925	0.0001	37,352,064	9.68
Granted during the year	5,125,000	0.0001		
Exercised during the year	(36,613,500)	0.0001		
Forfeited / Cancelled during the year	(6,674,341)	0.0001		
Outstanding at December 31, 2020	88,240,084	0.0001	9,847,593	8.77
Granted during the year	32,765,413	0.0001		
Exercised during the year	(18,031,675)	0.0001		
Forfeited / Cancelled during the year	(8,143,392)	0.0001		
Outstanding at December 31, 2021	94,830,430	0.0001	4,324,268	8.44
Exercisable at December 31, 2021	56,003,331	0.0001		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Share-based Compensation (Continued)

The weighted average grant date fair value of share options granted for the years ended December 31, 2019, 2020 and 2021 were RMB 3.81, RMB 0.78 and RMB 0.54, respectively. For the years ended December 31, 2019, 2020 and 2021, total share-based compensation expenses recognized for share options granted were RMB 61.25 million, RMB 39.28 million and RMB 15.02 million, respectively. Nil, 36,613,500 and 18,031,675 share options granted were exercised for the years ended December 31, 2019, 2020 and 2021, respectively.

As mentioned above, certain vested restricted share units under 2014 and 2016 incentive plan have been replaced by the same amount of share options ("Replacement Share Options") granted on September 7, 2019 under the 2019 Incentive Plan, which were vested immediately upon the grant. Before the modification, those vested restricted share units were deemed as ordinary shares from the accounting's perspective. As a result, the corresponding Replacement Share Options were continuously deemed as ordinary shares in the consolidated statements of changes in shareholders' (deficit)/equity, as they had no vesting conditions or contingencies upon the grant and were issuable for little to no consideration. Options subsequently granted under the 2019 Incentive Plan, regardless vested or not, were viewed as options until they are exercised. Among the 36,613,500 and 18,031,675 share options legally exercised in 2020 and 2021, there were 24,474,535 and 7,475,213 shares Replacement Share Options included.

As of December 31, 2021, the unrecognized share-based compensation expense related to unvested share options granted was RMB 24.17 million. Total unrecognized share-based compensation expenses are expected to be recognized over a weighted average period of 1.02 years.

The aggregate number of Class A ordinary shares available for future grant under the 2019 Incentive Plan was 12,710,395 as of December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share for the years ended December 31, 2019, 2020 and 2021 have been calculated in accordance with ASC 260 as follows:

	For the years ended December 31,		
	2019	2020	2021
Net loss per ordinary share - basic:			
Numerator (RMB'000):			
Net loss attributable to 36Kr Holdings Inc.	(25,911)	(279,342)	(90,609)
Accretion on redeemable non-controlling interests to redemption value	(1,808)	—	—
Accretion of convertible redeemable preferred shares to redemption value	(449,130)	—	—
Re-designation of Series A-1 into Series B-3 convertible redeemable preferred shares	(26,787)	—	—
Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares, and issuance of Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares	(309,984)	—	—
Re-designation of ordinary shares into Series C-2 convertible redeemable preferred shares	(36,977)	—	—
Net loss/(income) attributable to non-controlling interests	156	(889)	1,038
Net loss attributable to ordinary shareholders of 36Kr Holdings Inc.- basic	<u>(850,441)</u>	<u>(280,231)</u>	<u>(89,571)</u>
Denominator:			
Weighted average number of ordinary shares outstanding	368,159,249	1,019,316,944	1,025,068,349
Denominator used in computing net loss per share - basic	<u>368,159,249</u>	<u>1,019,316,944</u>	<u>1,025,068,349</u>
Net loss per ordinary share: - basic (RMB)	<u>(2.310)</u>	<u>(0.275)</u>	<u>(0.087)</u>
Net loss per ordinary share - diluted:			
Numerator (RMB'000):			
Net loss attributable to ordinary shareholders of 36Kr Holdings Inc.- basic	(850,441)	(280,231)	(89,571)
Net loss attributable to ordinary shareholders - diluted	(850,441)	(280,231)	(89,571)
Denominator:			
Denominator used in computing net loss per share - basic	368,159,249	1,019,316,944	1,025,068,349
Denominator used in computing net loss per share - diluted	<u>368,159,249</u>	<u>1,019,316,944</u>	<u>1,025,068,349</u>
Net loss per ordinary share - diluted (RMB)	<u>(2.310)</u>	<u>(0.275)</u>	<u>(0.087)</u>

Basic net loss per share is computed using the weighted average number of ordinary shares outstanding during the year. Diluted net loss per share is computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the year.

For the years ended December 31, 2019, assumed conversion of the Preferred Shares have not been reflected in the dilutive calculations pursuant to ASC 260 due to the anti-dilutive effect. The effects of all outstanding restricted share units and share options granted have also been excluded from the computation of diluted loss per share for the year ended December 31, 2019 as their effects would be anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Basic and Diluted Net Loss Per Share (Continued)

For the years ended December 31, 2020 and 2021, there is no anti-dilutive effects that should be excluded from the computation of diluted loss per share.

The following ordinary shares equivalents were excluded from the computation to eliminate any antidilutive effect:

	For the years ended		
	2019	2020	2021
Preferred Shares	518,830,264	—	—
Share-based awards	30,484,784	—	—
Total	549,315,048	—	—

18. Commitments and Contingencies**(a) Commitments***Operating lease commitments*

The Group leases offices and fulfillment infrastructures under non-cancelable operating lease agreements. Future minimum lease payments under these non-cancelable operating lease agreements with initial terms longer than twelve months are disclosed as maturity of lease liabilities in Note 11.

Capital and other commitments

The Group did not have material capital and other commitments as of December 31, 2021.

(b) Litigation

In the ordinary course of the business, the Group is subject to periodic legal or administrative proceedings. As of December 31, 2021, the Group is not a party to any legal or administrative proceedings, which the Group expects would have a material adverse effect on the Group's business, financial position, results of operations and cash flows.

19. Related Party Transactions

In 2020, the Group purchased information and data services amounted to approximately RMB 3.0 million from Jiangsu Jingzhun Digital Information Industry Development Co., Ltd. ("Jiangsu Jingzhun", previously known as "Beijing Venture Glory Information Technology Co.,Ltd."), whose chairman of board of directors is a co-founder of the Group. As of December 31, 2020, the amount due to Jiangsu Jingzhun was nil.

In 2019, 2020 and 2021, the Group earned revenue for providing advertising and enterprise value-added services to Jiangsu Jingzhun amounted to approximately RMB 5.0 million, RMB 0.8 million and RMB 1.7 million, respectively. As of December 31, 2020 and 2021, the amount due from Jiangsu Jingzhun were RMB 58 thousand and RMB 1.3 million, respectively.

In 2020, the Group purchased advertising and information services from 36Kr Global Holding and paid salary and other expenses on behalf of 36Kr Global Holding, which amounted to approximately RMB 1.4 million and RMB 1.5 million, respectively. As of December 31, 2020 and 2021, the amount due to 36Kr Global Holding were approximately RMB 0.5 million and nil, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Related Party Transactions (Continued)

In 2021, interest income amounted to approximately RMB 47 thousand was generated from Shanghai Xuanke for offering the short-term loan amounted to RMB 2.0 million. As of December 31, 2021, the amount due from Shanghai Xuanke for short-term loan was RMB 2.0 million, which was repaid subsequently in January and February 2022. In 2021, the Group purchased video production services from Shanghai Xuanke amounted to RMB 1.1 million. As of December 31, 2021, the amount due to Shanghai Xuanke was RMB 1.2 million.

20. Restricted Net Assets

The Group's ability to pay dividends is primarily dependent on the Group receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Group's subsidiaries and VIE incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Group's subsidiaries.

In accordance with the PRC laws and regulations, statutory reserve funds shall be made and can only be used for specific purposes and are not distributable as cash dividends. See Note 2 (aa) for more detailed information. As a result of these PRC laws and regulations that require annual appropriations of 10% of net after-tax profits to be set aside prior to payment of dividends as general reserve fund or statutory surplus fund, the Group's PRC subsidiaries, the VIE and the VIE's subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which the restricted portion amounted to approximately RMB 186.06 million and RMB 134.03 million as of December 31, 2020 and 2021, respectively. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to the Company's shareholders. Except for the above, there is no other restriction on use of proceeds generated by the Company's subsidiaries, the VIE and the subsidiaries of the VIE to satisfy any obligations of the Company.

The Company performed a test on the restricted net assets of its consolidated subsidiaries and VIE (the "restricted net assets") in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose its condensed financial information for the year ended December 31, 2019, 2020 and 2021.

21. COVID -19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China and on March 11, 2020 the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has resulted in a widespread health crisis and numerous disease control measures being taken to limit its spread. As the pandemic continues its impact throughout the world, it impacts the operation of the Group's business especially the delay or cancellation of offline events and offline training. The business and financial position of certain of the Group's customers were also affected, which adversely affected the financial results of the Group, including but not limited to negative impact to the Group's total revenues, slower collection of receivables, additional allowance for credit losses, and impairment to the Company's long-term assets.

The Group will continue to monitor and assess the impact of the ongoing development of the pandemic on the Group's financial condition and operating results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Subsequent Event

Investment in Changsha Benweixianwu Brand Management Co., Ltd. (“Benweixianwu”)

In February 2022, the Group entered into an investment agreement with Benweixianwu, which primarily engages in operating of high-end low-temperature meat products. Pursuant to this agreement, the Group subscribed 21,200 newly issued ordinary shares with total consideration of RMB 5.0 million, which was paid on February 25, 2022. After the subscription, the Group owned 1.66% equity interests in Benweixianwu. The Group has no significant influence over Benweixianwu. The investment was recorded using measurement alternative defined as cost, less impairment plus or minus subsequent adjustment for the observable price changes, as the readily determinable fair values cannot be obtained with reasonable efforts.

Investment in Hangzhou Jialin Information Technology Co., Ltd. (“Hangzhou Jialin”) and disposal of Dianqier

In March 2022, the Group, as one of the investors in the round B financing of Hangzhou Jialin, acquired its 7.273% equity interests by transferring the 100% equity interests the Group held in Dianqier to Hangzhou Jialin, which is a fresh produce supply chain solution provider in China. The subscription price is the same for the Company and other independent investors in this financing round. The fair value of equity interests the Group acquired is RMB 40 million. The Group expects to recognize approximately RMB 36 million of gain arising from such investment and disposal in the first quarter of 2022.

23. Condensed Financial Information of the Company

The condensed financial information of the Company has been prepared in accordance with SEC Regulation S-X Rule 5-04 and Rule 12-04, using the same accounting policies as set out in the Group’s consolidated financial statements, except that the Company uses the equity method to account for investments in its subsidiaries, VIE and VIE’s subsidiaries.

The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Group.

The Company did not have significant capital and other commitments or guarantees as of December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Condensed Financial Information of the Company (Continued)

Condensed Balance Sheet

	December 31, 2020 RMB'000	December 31, 2021 RMB'000
Current assets:		
Cash and cash equivalents	48,510	31,833
Amount due from inter-company entities	—	468
Receivables due from related parties	29	10
Prepayments and other current assets	181	180
Non-current assets:		
Investments in subsidiaries, VIE and subsidiaries of VIE	351,816	285,624
Total assets	400,536	318,115
Current liabilities:		
Amount due to inter-company entities	14,762	14,463
Salary and welfare payables	—	361
Accrued liabilities and other payables	4,953	3,886
Total liabilities	19,715	18,710
Commitments and Contingencies (Note 18)		
Shareholders' equity :		
Class A ordinary shares (US\$0.0001 par value per share; 4,903,917,300 shares authorized, 884,846,745 shares issued and 871,850,620 shares outstanding as of December 31, 2020; 4,903,917,300 shares authorized, 907,346,745 shares issued and 893,706,595 shares outstanding as of December 31, 2021)	621	628
Class B ordinary shares (US\$0.0001 par value per share; 96,082,700 shares authorized, 96,082,700 shares issued and outstanding as of December 31, 2020 and 2021, respectively)	66	66
Additional paid-in capital	2,040,693	2,049,448
Treasury stock (US\$ 0.0001 par value; 15,557,593 shares and 16,201,618 shares as of December 31, 2020 and 2021, respectively)	(14,081)	(13,598)
Accumulated deficit	(1,638,581)	(1,728,152)
Accumulated other comprehensive loss	(7,897)	(8,987)
Total 36Kr Holdings Inc.'s shareholders' equity	380,821	299,405
Total liabilities and shareholders' equity	400,536	318,115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Condensed Financial Information of the Company (Continued)

Condensed Statement of Operations and Comprehensive Loss

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Operating expenses:			
Sales and marketing expenses	—	(55)	(282)
General and administrative expenses	(2,435)	(9,439)	(9,269)
Total operating expenses	(2,435)	(9,494)	(9,551)
Loss from operations	(2,435)	(9,494)	(9,551)
Other income/(expenses):			
Share of loss from subsidiaries, VIE and subsidiaries of VIE	(23,797)	(272,297)	(80,559)
Interest income	484	983	64
Interest expense	(73)	(14)	(70)
Others, net	66	591	545
Loss before income tax	(25,755)	(280,231)	(89,571)
Income tax expense	—	—	—
Net loss	(25,755)	(280,231)	(89,571)
Accretion on redeemable non-controlling interests to redemption value	(1,808)	—	—
Accretion of convertible redeemable preferred shares to redemption value	(449,130)	—	—
Re-designation of Series A-1 into Series B-3 convertible redeemable preferred shares	(26,787)	—	—
Re-designation of ordinary shares into Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares, and issuance of Series A-1, A-2, B-1, B-2, B-3 convertible redeemable preferred shares	(309,984)	—	—
Re-designation of ordinary shares into Series C-2 convertible redeemable preferred shares	(36,977)	—	—
Net loss attributable to 36Kr Holdings Inc.'s ordinary shareholders	(850,441)	(280,231)	(89,571)

Condensed Statement of Cash Flows

	For the year ended December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Net cash used in operating activities	(1,604)	(3,298)	(9,857)
Net cash used in investing activities	(210,769)	(77,536)	—
Net cash provided by/(used in) financing activities	371,659	(27,360)	(5,773)
Effect of exchange rate changes on cash, and cash equivalents held in foreign currencies	(248)	(2,334)	(1,047)
Net increase/(decrease) in cash and cash equivalents	159,038	(110,528)	(16,677)
Cash and cash equivalents at beginning of the year	—	159,038	48,510
Cash and cash equivalents at end of the year	159,038	48,510	31,833

The Condensed Financial Information of the Company for the year ended December 31, 2019 has been revised to correct an immaterial error related to presentation of cash flows of investment in subsidiaries. Such cash flow was previously presented in error as cash flows in financing activities of the Company and has been revised to cash flows in investing activities of the Company. The impact of the above presentation error was not material to the previously issued financial statements taken as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Condensed Financial Information of the Company (Continued)

The following table presents the summary information of the revision:

	Condensed Statement of Cash Flows for the year ended December 31, 2019		
	As reported	Revision	As revised
	RMB'000	RMB'000	RMB'000
Net cash used in investing activities	(123,599)	(87,170)	(210,769)
Net cash provided by financing activities	284,489	87,170	371,659

36Kr Holdings Inc.

2019 SHARE INCENTIVE PLAN

(approved and adopted by a board resolution passed on September 4, 2019 , amended and approved by a board resolution passed on August 18, 2021)



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Section 1. Definitions and Interpretation. (a) In this Plan, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:

“**Adoption Date**” being September 4, 2019, the date on which the Plan is approved and adopted by a resolution of the directors of the Company.

“**Auditors**” means the auditors for the time being of the Company.

“**Award**” means any Option granted under this Plan.

“**Board**” means the board of directors of the Company or a duly authorized committee thereof.

“**Business Associate**” means any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group.

“**Business Day(s)**” means any day on which banks in New York, Hong Kong and PRC are open for business and the Stock Exchange is open for business of dealing in securities.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Company**” means 36Kr Holdings Inc.

“**Director**” means any director (including executive director, non-executive director and independent non-executive director) of any member of the Group from time to time.

“**Employee**” means any employee or officer of any member of the Group.

“**Exercise Price**” means the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as described in Section 6.

“**Fair Market Value**” means, with respect to any property (including, without limitation, any Shares or other securities) the fair market value of such property determined by such methods or procedures as shall be established in good faith from time to time by the Board in accordance with applicable law.

“**Grantee**” means any Participant who accepts an Offer in accordance with the terms of this Plan, or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee.

“**Grant Letter**” means any written letter, agreement, contract or other instrument or document evidencing any Award granted under this Plan.

“**Group**” means the Company and its Subsidiaries.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**Offer**” means the offer of the grant of an Option made in accordance with Section 5.

“**Offer Date**” means the date on which an Offer is made to a Participant.

“**Option(s)**” means a right granted to subscribe for the Shares pursuant to this Plan.

“**Option Period**” means a period to be notified by Mr. Dagang Feng to each Grantee in which an Option granted must be exercised (*provided* that such period shall not be more than ten years commencing on the Offer Date). Mr. Dagang Feng may also impose restrictions on the exercise of an Option during the period an Option may be exercised.

“**Participant(s)**” means any Director, Employee or Business Associate who Mr. Dagang Feng considers, in his sole discretion, has contributed or will contribute to the Group.

“**PRC**” means the People’s Republic of China, for the purposes of this Plan does not apply to Taiwan, Macau Special Administrative Region and Hong Kong.

“**Plan**” means this 2019 Share Incentive Plan in its present form or as amended from time to time in accordance with the provisions hereof.

“**Share Registrar**” means the share registrar of the Company from time to time.

“**Shares**” means Class A ordinary shares, par value of US\$0.0001 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time).

“**Stock Exchange**” means any internationally recognized stock exchange.

“**Subsidiar(ies)**” means any entity in which the Company has at any time, directly or indirectly, securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions, and any entity which is controlled by the Company contractually.

“**US\$**” means United States dollars, the lawful currency of the United States.

(b) In this Plan, save where the context otherwise requires:

(i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Plan;

(ii) references to paragraphs are references to paragraphs of this Plan;

(iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;

(iv) expressions in the singular shall include the plural and vice versa;

(v) expressions in any gender shall include other genders; and

(vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises and branches.

Section 2. Purpose of the Plan. The purpose of the Plan is to enhance the ability of the Company to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of the Company.

Section 3. Condition. This Plan shall take effect subject to the passing of a resolution by the Board to approve and adopt this Plan, and to authorize Mr. Dagang Feng to grant Options to subscribe for the Shares hereunder and to allot, issue and deal with the Shares pursuant to the exercise of any Options granted under this Plan.

If the condition is not satisfied within 30 days after adoption of the Plan by the Board, this Plan and any Options granted under this Plan shall forthwith lapse and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Plan.

Section 4. Duration, Termination and Administration. (a) Subject to Section 3, this Plan shall be valid and effective for the period of time commencing on the Adoption Date and expiring on the day immediately prior to the earlier of (i) the date which is ten years after the Adoption Date; or (ii) the Company by resolution of the shareholders, or the Board, may at any time terminate the operation of this Plan, after which period no further Options will be granted but the provisions of this Plan shall remain in force to the extent

necessary to give effect to the exercise of any Options which are granted during the life of the Plan or otherwise as may be required in accordance with the provisions of this Plan.

(b) This Plan shall be subject to the administration of Mr. Dagang Feng and the decision of Mr. Dagang Feng shall be final and binding on all parties. Mr. Dagang Feng shall have the right (i) to interpret and construe the provisions of the Plan; (ii) to determine the persons who will be awarded Options under the Plan, and the number of Options awarded thereto; (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Plan as he or she deems necessary, provided that such adjustments shall not have a negative impact on the economic interests of the Grantee; and (iv) to make such other decisions or determinations as he or she shall deem appropriate in the administration of the Plan.

(c) No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

Section 5. Offer and Grant of Options. (a) On and subject to the terms of this Plan, Mr. Dagang Feng shall be entitled at any time during the life of the Plan to make an Offer to any Participant, as Mr. Dagang Feng may in his absolute discretion select, to take up Options in respect of such number of Shares as Mr. Dagang Feng may determine at the Exercise Price. Subject to the terms and conditions of this Plan, Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by any member of the Group, the Grantee or any group of Participants as Mr. Dagang Feng may determine).

(b) Options shall entitle the Grantee to subscribe for the Shares on the terms set out in this Plan save that if, at the time the Grantee wishes to exercise an Option, such exercise of the Option, the issue of the Shares to the Grantee pursuant to the Plan, the registration of the Grantee as the holder of such Shares, the exercise and enjoyment of the rights attaching to such Shares or the performance of the obligations of the Company or the Grantee under this Plan, is not permitted by any applicable laws or regulations, the Options shall not entitle the Grantee to subscribe for the Shares.

(c) An Offer shall be made to a Participant in the manner and in such form as Mr. Dagang Feng may from time to time determine requiring the

Participant to undertake to hold the Options on the terms to be granted and to be bound by the provisions of this Plan.

(d) Any Offer may be accepted in respect of less than the number of Shares to which the offered Option relates.

(e) For certain Participants who were also participants of the share incentive plan adopted by Beijing Duoke Information Technology Co., Ltd. in December 2016 (the “**2016 Incentive Plan**”), Mr. Dagang Feng may determine to accelerate vesting of the Options granted to them under this Plan to mirror the respective vesting schedule of shares granted to them under the 2016 Incentive Plan as set forth in the Grant Letter;

Section 6. Exercise Price. Subject to Section 11, the Exercise Price shall be determined by Mr. Dagang Feng in his sole discretion and set forth in the Grant Letter; provided, however, that, the per share exercise price of options granted to Participants who are subject to taxation under the Code shall not be less than the Fair Market Value of a Share on the date of grant of such Options, and that in no event shall the Exercise Price be less than the par value of the Shares to be issued.

Section 7. Exercise of Options. (a) An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or enter into any agreement so to do, except for (A) the transmission of an Option on the death of the Grantee to his personal representatives(s) according to the terms of this Plan, or (B) the transfer of any Option to any trustee, acting in its capacity as such trustee, of any trust of which the Grantee is a beneficiary. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

(b) A Grantee (or where permitted under Section 7(d)(ii), his legal personal representative(s)) may exercise his Option in whole or in part by giving notice in the form required by the Company stating that the Option is thereby exercised and specifying the number of Shares to be subscribed; and by a payment for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given. Within 5 Business Days or otherwise agreed after receipt of the notice and payment of the Exercise Price and any applicable withholding and, where appropriate, receipt of the Auditors’ or financial advisors’ certificate pursuant to Section 10(a), the Company shall allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his personal representatives) credited as fully paid and issue to the Grantee (or his personal representatives) a share certificate in respect of the Shares so allotted.

(c) Except as provided otherwise and subject to the terms and conditions upon which such Option was granted, the Option granted shall be exercisable in accordance with the following vesting schedule:

- for participant who has received a “B” or higher grade in his or her most recent annual evaluation, 25% of any Option granted shall vest and become exercisable on the first anniversary of the date of grant of such Option;
- for participant who has received a “B” or higher grade in his or her most recent annual evaluation, 25% of any Option granted shall vest and become exercisable on the second anniversary of the date of grant of such Option;
- for participant who has received a “B” or higher grade in his or her most recent annual evaluation, 25% of any Option granted shall vest and become exercisable on the third anniversary of the date of grant of such Option; and
- for participant who has received a “B” or higher grade in his or her most recent annual evaluation, the remaining 25% of any Option granted shall vest and become exercisable on the fourth anniversary of the date of grant of such Option;

provided that:

(i) in the event a Grantee terminates his employment or service on account of other than on one or more of the grounds of termination of employment, appointment or directorship specified in Section 8(f);

(ii) in the event a Grantee's conduct results in a material violation of any applicable law, regulation, the Company's memorandum and articles of association or internal policies;

(iii) in the event a Grantee engages in any illegal conducts and is subject to criminal penalties, except as otherwise as determined by Mr. Dagang Feng;

(iv) in the event a Grantee engages in any disloyal conducts against the Company, including but not limited to, resigning from the Company and entering into employment with any company or entity that is engaged in any business directly or indirectly competing with the Company, and benefitting from any related party transaction, unless otherwise notified to and approved by the Company;

(v) in the event a Grantee's conduct results in a substantial breach of any agreements with the Company, including but not limited to, disclosing any confidential information such as trade secrets, and

failing to perform his or her obligations as an employee of the Company (except in the case of his or her incapacitation or death);

(vi) in the event a Grantee engages in any other conduct that has a material adverse effect on the Company's business, reputation or financial conditions;

(vii) in the event of a Grantee's death; or

(viii) in other events as determined by Mr. Dagang Feng;

all Options that are unvested as of the date of such event shall lapse, unless Mr. Dagang Feng otherwise determines in writing that such unvested Options shall not lapse and will continue to remain valid, such termination notwithstanding.

(d) Subject to (A) the condition specified in Section 3 being fully satisfied, and (B) the terms and conditions on which such Option was granted, Options vested may be exercised by the Grantee at any time during the Option Period, *provided that*:

(i) in the events specified in Section 7(c), the Grantee shall be entitled to exercise the Option up to the vested entitlement of such Grantee as at the date of such termination (to the extent he is entitled to exercise at the date of termination but not already exercised pursuant to the terms of this Plan and the terms of grant), failing which it will lapse;

(ii) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of Plan of arrangement pursuant to Section 7(d)(iii) below) is made to all the holders of Shares (or all such holders other than the offeror and any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company;

(iii) if a general offer for Shares by way of Plan of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company;

(iv) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option; and

(v) in the event of a compromise or arrangement, other than a plan of arrangement contemplated in Section 7(d)(iii) above, between the Company and its members and/or creditors being proposed in connection with a plan for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a plan or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

Upon the occurrence of any of the events referred to in Sections 7(d)(ii) to 7(d)(v), the Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.

(e) The Shares to be allotted and issued upon the exercise of an Option will be subject to the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of exercise of the Option and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Option, *provided* always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option

shall become effective on the next available Business Day on which the register of members of the Company is re-opened.

(f) Mr. Dagang Feng may at any time, with the mutual consent of the Grantee, cancel Options previously granted to, but not yet exercised by a Grantee. Where the Company cancels Options and, in compliance with applicable law, offers Options to the same Grantee, the offer of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit as mentioned in Section 10(a) of this Plan.

Section 8. Lapse of Option. An Option shall lapse automatically (to the extent (A) not already vested in accordance with Section 7(c), and (B) vested but not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provisions of Section 4(a));
- (b) the expiry of the periods for exercising the Option as referred to in Section 7(d)(i), (ii) or (v);
- (c) subject to the Plan of arrangement becoming effective, the expiry of the period for exercising the Option referred to in Section 7(d)(iii);
- (d) subject to Section 7(d)(iv), the date of commencement of the winding up of the Company;
- (e) the date on which the Grantee commits a breach of Section 7(a);
- (f) the date on which:
 - (i) subject to Section 7(c)(i), the Grantee (being an Employee or Director of any member of the Group) ceases to be an employee, an officer or a director by reason of the termination of his employment, appointment or directorship, unless Mr. Dagang Feng otherwise determines in writing that such unvested Options shall not lapse and will continue to remain valid, such termination notwithstanding;
 - (ii) the Grantee (being an Employee) serves as an employee, director or officer of any other companies that are not a member of the Group, and/or, whether alone or jointly with others, carried on or be concerned or interested, directly or indirectly, whether as shareholder, employee, director, investor, consultant, adviser, partner or agent in any types of business which are in competition with or in opposition to any business of any member of the Group as determined by Mr. Dagang Feng in his sole discretion;

(iii) the Grantee being a Business Associate is under any contract with the Group, such contract is terminated by reason of breach of contract on the part of the Business Associate or the Grantee ceases to be a Business Associate for any other reason;

(iv) the Grantee being a Business Associate, appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or ceases or threaten to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offence involving integrity or honesty; or

(v) unless Mr. Dagang Feng otherwise determines, and other than in the circumstances referred to in Section 7(d), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason;

(g) the date on which the Option is cancelled by Mr. Dagang Feng as provided in Section 7(f); and

(h) the date on which this Plan terminates pursuant to Section 4(a).

Section 9. Redemption.

(a) In the events specified in Section 7(c), the Company shall, upon and from the date of such events, have an irrevocable, exclusive, assignable right (the "**Redemption Right**"), to redeem all or any portion of the Shares subject to the Options that are vested and any Shares acquired upon exercise of any portion of the Option.

(b) The Company (or its assignee) may exercise the Redemption Right in the Company's sole discretion, and in no event shall the Company (or its assignee) be obligated to exercise the Redemption Right. Each participant agrees and acknowledges that upon receipt of the written notice of redemption of any portion of the Options or Shares purchased under the Options, the Participant shall have no further rights to such portion of the Options or such Shares, as applicable.

(c) In the events specified in Section 7 (c)(ii) to (vi), unless otherwise determined by Mr. Dagang Feng, the Option granted to such Grantee terminates automatically on the date of such event. The Company (or its assignee) may acquire the Shares at the lower of the Exercise Price and the minimal price as prescribed by the law.

(d) In the events specified in Section 7 (c) (i), (vii) and (viii), the Company (or its assignee) may acquire the Shares at the price determined by

Mr. Dagang Feng based on factors including but not limited to the net asset value per share, valuations and price-to-earning ratio of the Company.

Section 10. Maximum Number of Shares Subject to Options. (a) The total number of Shares which may be issued upon exercise of Options to be granted under this Plan shall not exceed in aggregate 162,186,000 Shares.

(b) The maximum number of Shares referred to in Sections 10(a) may be adjusted upon the occurrence of such events and in such manner as described in Section 11.

Section 11. Reorganization of Capital Structure. (a) In the event of any alteration in the capital structure of the Company by way of capitalization of profits or reserves, rights issue, sub-division or consolidation of Shares or reduction of share capital of the Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of the Company as a result of an issue of Shares or other securities of the Group as consideration in a transaction to which the Company is a party, the Auditors or the financial advisors engaged by the Company for such purpose shall determine what equitable adjustment is required to be made to:

- (i) the number and type of Shares or other securities then available for Awards under the Plan are subject to any unexercised Option; and/or
- (ii) the Exercise Price; and/or
- (iii) the method of exercise of the Options,

and the Auditors or such financial advisors shall certify in writing to the Board that such adjustments are in their/his opinion fair and reasonable. The capacity of the Auditors or financial advisors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or financial advisors shall be borne by the Company.

(b) For the avoidance of doubt, following the date on which the Shares first commence trading on a Stock Exchange the events set forth in Section 11(a) above shall include any extraordinary cash dividend or other distribution (whether in the form of cash, Shares or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, issuance of Shares pursuant to the anti-dilution provisions of securities of the Company, or other similar corporate transaction or event affecting the Shares, or of changes in applicable laws, regulations or accounting principles, in each case in respect of which an adjustment is appropriate in order to prevent dilution or enlargement

of the benefits or potential benefits intended to be made available under the Plan.

(c) Any such adjustments shall give each Participant the same proportion of the equity capital of the Company for which such Participant was entitled to subscribe for prior to such adjustments and any adjustments to the advantage of the Participants to the Exercise Price or to the number of Shares subject to the Options must be approved by the shareholders of the Company in general meeting. No adjustment may be made to the extent that Shares would be issued at less than their nominal value.

(d) If there has been any alteration in the capital structure of the Company as referred to in Section 11(a), the Company shall, upon receipt of a notice from a Grantee in accordance with Section 7(b), inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the financial advisors engaged by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the financial advisors as soon as practicable thereafter to issue a certificate in that regard in accordance with Section 11(a).

Section 12. *Share Capital.* The exercise of any Option shall be subject to the shareholders of the Company in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Board shall make available sufficient authorized but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

Section 13. *Disputes.* Any dispute arising in connection with this Plan (whether as to the number of Shares the subject of an Option, the amount of the Exercise Price or otherwise) may be determined by Mr. Dagang Feng, the decision of which shall be final and binding on all parties who may be affected thereby.

Section 14. *Alteration of this Plan.* (a) Subject to the terms set out in the paragraph below, the Board may amend any of the provisions of this Plan (including without limitation amendments in order to comply with changes in legal or regulatory requirements and in order to waive any restrictions, imposed by the provisions of this Plan) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

(b) Any change to the authority of the Board in relation to any alteration to the terms of this Plan must be approved by shareholders of the Company in general meeting.

Section 15. *Miscellaneous.* (a) This Plan shall not form part of any contract of employment or engagement of services between the Group and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement in services shall not be affected by the participation of the Participants in this Plan or any right which he may have to

participate in it and this Plan shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office, employment or engagement for any reason.

(b) This Plan shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

(c) The Company shall bear the costs of establishing and administering this Plan.

(d) Any notice or other communication between the Company and a Grantee may be sent by prepaid post, by electronic means, or by personal delivery to, in the case of the Company, its principal place of business in the PRC or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address in the PRC or such other address as notified to the Company from time to time.

(e) Any notice or other communication served by post:

(i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and

(ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

(f) Any notice or other communication served by electronic means by the Company or the Grantee shall be deemed to have been served if the sender did not receive a failure of receipt notification.

(g) All allotments and issues of the Shares will be subject to all necessary consents under any relevant legislation for the time being in force in the PRC, Hong Kong and the Cayman Islands, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Plan.

(h) This Plan and all Options granted hereunder shall be governed by and construed in accordance with the laws of the Cayman Islands.

(i) This Plan is intended to comply with the requirements of Section 409A of the Code and the regulations and guidance thereunder ("**Section 409A**") with respect to Awards made to or held by any Participant who is subject to taxation under the Code. The provisions of this Plan shall be interpreted in a manner that satisfies such requirements, and this Plan shall be operated

accordingly. If any provision of this Plan would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict. If an operational failure occurs with respect to the requirements of Section 409A, any affected Participant shall fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the Internal Revenue Service. No provision of this Plan shall be interpreted to transfer any liability for a failure to comply with Section 409A from a Participant or any other Person to the Company. Notwithstanding any provision of this Plan or any Grant Letter, if at the time of termination of a Participant's employment or service with the Company he or she is a "specified employee" (as defined in Section 409A) and any payments upon such termination under this Plan or such Grant Letter are treated as deferred compensation subject to Section 409A, he or she will not be entitled to such payments until the earlier of (i) the date that is six months after such termination or (ii) any earlier date that does not result in any additional tax or interest to such Participant under Section 409A.

**Capital Increase Subscription and Shareholders'
Agreement**

Of

Hangzhou Jialin Information Technology Co., Ltd.

October 31, 2021

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THIS AGREEMENT is made and entered into this [] day of [], 2022 (hereinafter referred to as the “Signing Date”), in Hangzhou, Zhejiang Province, by and between the following parties.

1. Target Company

Party A: Hangzhou Jialin Information Technology Co., Ltd. (hereinafter referred to as the “Target Company” or the “Company”)

Registered office: Room 1315, Building 2, Yuzhicheng Estate, Nanyuan Street, Yuhang District, Hangzhou, Zhejiang Province

Legal representative: Xiong Bin

2. Investors in This Round

Party B-1: Zhejiang Free Trade Zone Plum Lide Venture Capital Partnership (Limited Partnership) (hereinafter referred to as “Plum Lide”)

Registered office: Room 1001-0081, Block A, Donggang Fortune Centre, No. 211 Qilin Street, Donggang Street, Putuo District, Zhoushan, China (Zhejiang) Pilot Free Trade Zone

Managing partner’s appointed representative: Fu Juan

Party B-2: Jiaying Yuanke Yihao Equity Investment Partnership (Limited Partnership) (hereinafter referred to as “Yuanke Yihao”)

Registered office: Room 104-88, Building 3, Fund Town, No. 1856 Nanjiang Road, Nanhu District, Jiaying, Zhejiang Province

Managing partner’s appointed representative: Zhao Lei

Party B-3 Beijing Duoke Information Technology Co. Ltd. (hereinafter referred to as “Duoke Information”, and together with Plum Lide and Yuanke Yihao are collectively referred to as “Investors in This Round”)

Registered office: Suit 3003, 3/F, No. 39 West Street, Haidian District, Beijing

Legal representative: Feng Dagang

3. Founding Shareholders

Party C: Xiong Bin, ID No.: [***]

4. Other Existing Shareholders

Party D-1: Guangzhou Black Hole Investment Co., Ltd. (hereinafter referred to as "Black Hole Investment")

Registered office: Room 4808A, No. 16, Huaxia Road, Tianhe District, Guangzhou

Legal representative: Ju Wenzhong

Party D-2: Beijing Yunfeng Xingnong Science and Technology Center (Limited Partnership) (hereinafter referred to as "Yunfeng Technology" or "Employee Stock Ownership Platform")

Registered office: Building 13, No. 145 Chaoyang North Road, Chaoyang District, Beijing (No. 2498, Liulitun Incubator)

Managing Partner: Xiong Bin

Party D-3: Ningbo Plum Mingshi Investment Partnership (Limited Partnership) (hereinafter referred to as "Plum Investment")

Registered address: Room 518, Office Building No. 6, Business Center, Meishan Avenue, Beilun District, Ningbo, Zhejiang Province

Managing partner's appointed representative: Wu Shichun

Party D-4: Ningbo Meishan Bonded Port Area Plum Yangshi Investment Partnership (Limited Partnership) (hereinafter referred to as "Plum Yangshi")

Registered address: Room 447, Office Building No. 7, Business Center, Meishan Avenue, Beilun District, Ningbo, Zhejiang Province

Managing partner's appointed representative: Wu Shichun

Party D-5: Chongqing Skysaga Boyuan Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Chongqing Skysaga")

Registered office: Unit 2, 21/F, No.1 Huasheng Road, Yuzhong District, Chongqing

Managing partner's appointed representative: Yang Ge

Party D-6: Hangzhou Boson Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Hangzhou Boson")

Registered office: Room 1159, Building A, Hangzhou Creative Design Centre, No. 102 West Genshan Road, Jianggan District, Hangzhou

Managing partner's appointed representative: Zhou Zijing

Party D-7: Tianjin Ether Formula Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ether Formula")

Registered office: A-18, 9/F, Block A, Jintang Building, at the junction of Qingsheng Road and Jihua Road, Rongluo Bay, Tianjin Pilot Free Trade Zone (Central Business District)

Managing Partner: Zhou Zijing

Party D-8: Nantong Maode Equity Investment Center (Limited Partnership) (hereinafter referred to as "Nantong Maode")

Registered office: Room 1001, Building G, No. 99 Jinggangshan Road, Rudong Economic Development Zone

Managing partner's appointed representative: Wang Haifeng

Party D-9: Qingdao Leton Industry Fusion Fund Investment Center (Limited Partnership) (hereinafter referred to as “Qingdao Leton”)

Registered office: No.128 Zhenhua Street, Jimo District, Qingdao, Shandong Province

Managing partner’s appointed representative: Zou Chenyang

Party D-10: Ningbo Free Trade Zone Yuke Investment Partnership (Limited Partnership) (hereinafter referred to as “Ningbo Yuke”)

Registered office: Room 3509-1, Building 2, No. 406, Jingang Road, Xinqi, Beilun District, Ningbo, Zhejiang Province

Managing partner’s appointed representative: Wang Yu

Party D-11: Hangzhou New Potential Energy Equity Investment Partnership (Limited Partnership) (hereinafter referred to as “Hangzhou New Potential Energy”)

Registered office: 209-4-030, Block 6, No. 999 Jingxing Road, Cangqian Street, Yuhang District, Hangzhou, Zhejiang Province

Managing partner’s appointed representative: Han Ye

(Any of the foregoing parties individually shall be referred to as the “Party” and collectively as the “Parties”, Party C and Party D collectively as the “Existing Shareholders”, and the investors in this round and the original investors’ shareholders collectively as the “Investors’ Shareholders”.)

- (1) The investors in this round intend to increase their capital to the Company, of which Plum Lide and Yuanke Yihao intend to increase their capital to the Company by way of cash, and Duoke Information intends to increase its capital to the Company by way of equity contribution. The Company, the Existing Shareholders intend to accept such capital increase in accordance with the terms and conditions of this Agreement.
- (2) The parties intend to further agree on the rights and obligations between the

shareholders after the completion of this round of investment.

Accordingly, the parties hereto, on the basis of the principle of equality and mutual benefit and in accordance with the *Company Law of the People's Republic of China*, the *Civil Code of the People's Republic of China* and other relevant laws and regulations of the People's Republic of China, have reached the following agreement for mutual compliance after friendly consultation.

Article 1 Definitions

Unless otherwise defined in this Agreement, the terms used in this Agreement shall have the following meanings.

For the purposes of this Agreement only, "China" is limited to Mainland China and excludes Hong Kong, Macau SAR and Taiwan.

"Laws" means the laws, regulations, administrative or departmental rules, directives, notices, orders or interpretations of the PRC. For the purpose of this Agreement, laws, regulations and jurisprudence of the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan are not included.

"Founding Shareholder" means Xiong Bin.

"Original Investors' Shareholders" means Ningbo Meishan Bonded Port Area Plum Yangshi Investment Partnership (Limited Partnership), Ningbo Plum Mingshi Investment Partnership (Limited Partnership), Guangzhou Black Hole Investment Co., Ltd., Chongqing Skysaga Boyuan Equity Investment Fund Partnership (Limited Partnership), Hangzhou Boson Equity Investment Partnership (Limited Partnership) Ltd., Tianjin Ether Formula Enterprise Management Partnership (Limited Partnership), Nantong Maode Equity Investment Center (Limited Partnership), Qingdao Leton Industry Fusion Fund Investment Center (Limited Partnership), Ningbo Free Trade Zone Yuke Investment Partnership (Limited Partnership) and Hangzhou New Potential Energy Equity Investment Partnership (Limited Partnership).

"Angel Investors' Shareholder" means a shareholder who holds a corresponding number

of equity in the Angel Round, as set out in [Annex II](#).

“Pre-A Investors’ Shareholders” means shareholders who hold a corresponding number of Pre-A equity, as set out in [Annex II](#).

“Series A Investors’ Shareholders” means the shareholders of holding the corresponding number of Series A equity as shown in [Annex II](#).

“Series A+ Investors’ Shareholders” means shareholders holding a corresponding number of Series A+ equity as set out in [Annex II](#).

“Series B Investors’ Shareholder” means a shareholder holding a corresponding number of Series B equity, as set out in [Annex II](#).

“Investors’ Shareholders” means the relevant parties referred to in the preamble, including the Angel Investors’ Shareholders, Pre-A Investors’ Shareholders, Series A Investors’ Shareholders, Series A+ Investors’ Shareholders and Series B Investors’ Shareholders.

“Capital Increase Cost” refers to the full price of the capital increase by the Investors’ Shareholders, i.e. the cumulative amount of capital increase invested by the investors in the Company, including the actual amount previously paid by way of capital increase and debt-to-equity conversion to Hangzhou Yuelin, etc., and also including the value corresponding to the equity invested by Duoke Information in the Company (subject to the value agreed in this Agreement), as shown in [Annex II](#).

“Employee Stock Ownership Platform” refers to Beijing Yunfeng Xingnong Science and Technology Center (Limited Partnership).

“Existing Shareholders” refers to the Founding Shareholders, the Employee Stock Ownership Platform and the original investors’ shareholders.

“Investors in This Round” means Plum Lide, Yuanke Yihao and Duoke Information.

“Related Party”, in respect of a particular subject, means any other subject which controls,

is controlled by, or is under common control with the particular subject, either directly or indirectly through one or more intermediaries; and in respect of any natural person, means such subject's spouse, children and their spouses, parents, parents-in-law, siblings and their spouses, spouses' siblings and their spouses.

"Transaction" means this Capital Increase.

"Transaction Agreement" means this Agreement, the Articles of Association signed on the signing date hereof between the parties hereto and other relevant parties, and all other agreements relating to the Transaction and all amendments to the foregoing documents.

"Control" (including "controlled by" and "under common control with"), in respect of relationship between two (2) or more entities, means the right of one subject who is directly or indirectly or acts as a trustee, personal representative or executor to give instructions or to oblige others to give instructions on the affairs or management of the other subject, whether by virtue of ownership of voting equity or securities, or by virtue of the capacity of trustee, personal representative or executor, or in accordance with a contract, credit arrangement or otherwise.

"RMB" or "Renminbi" means Renminbi Yuan, the lawful currency of the PRC.

"Business" means the Company's principal existing business, namely the provision of fresh produce supply chain solutions, and the business in which it is engaged or proposed to be engaged in the future.

"Significant Contracts" means contracts that have a significant impact on the Company's business operations, including but not limited to business contracts, loan contracts and financing contracts, etc.

"Business Day" means any day other than Saturday, Sunday and other days on which the Bank is required or authorised by laws to be closed in China.

"Government Department" means any governmental, regulatory or administrative department, agency or commission of the PRC.

“Government Order” means any order, decision or prohibition made by or in conjunction with any Government Department.

“Material Adverse Effect” means any circumstance, change or effect involving the Company and/or the Business which: (a) has a material adverse effect on the Business or on the assets, liabilities or financial position of the Company; or (b) has a material adverse effect on the qualification or ability of the Company to carry on its business.

“Subject” means any natural person, partnership, joint-stock company, limited liability company, association, other consortium legal person, association’s legal person, unincorporated organisation, government department or other entity.

“Majority Investor” means the Investors’ Shareholders who jointly hold two-thirds or more of the relative shareholdings after the Transaction.

“Liabilities” means all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or undetermined, including those arising under any law, claim or governmental order and those arising under any contract, agreement, promise or undertaking. For the purposes of this definition, “claim” means any claim, request, demand and related communication, notice of violation, action, suit, complaint, appeal, arbitration, interrogatory, proceeding or investigation, settlement decision or settlement agreement by or against any subject.

Article 2 Investment Matters

2.1 The Transaction is constituted of two parts, shown as follows:

It is accepted by the parties that, in respect of the Transaction in which the RMB500,000 loan already provided by Yuanke Yihao to the Company is converted into investment funds, the pre-investment valuation of the Company as a whole (including but not limited to all types of assets, liquidity, brand goodwill and personnel etc. of the Company) prior to this Transaction is RMB255.45 million (i.e. the post-investment valuation of the Company’s last round of financing), and Yuanke Yihao subscribes for the additional RMB19,335 of the registered capital of

the Company, which is equivalent to 0.167% of the equity of the Company after the Transaction; the parties agree that the loan of RMB500,000 already provided by Yuanke Yihao to the Company will be directly converted into the investment funds payable by Yuanke Yihao under this clause upon the commencement of this Agreement and that Yuanke Yihao is not required to make a separate payment to the Company in connection with the conversion of the loan into transaction of investment funds.

In respect of the Transaction other than the above-mentioned loan-to-investment transaction, the overall post-investment valuation of the Company is RMB550 million and the investors in this round have invested a total of RMB80 million in the Company to subscribe for an additional registered capital of RMB1,684,754 of the Company (the "Additional Registered Capital"), which is equivalent to 14.545% of the equity of the Company after the Transaction (hereinafter referred to as the "Subject Equity"), specifically:

- (a) Plum Lide invested RMB30 million in the Company to subscribe for the additional registered capital of RMB631,783, corresponding to 5.455% equity in the Company upon completion of this capital increase, and RMB631,783 of the investment funds was treated as the additional registered capital under this capital increase, with the remaining portion credited to the capital reserve of the Company.
- (b) Yuanke Yihao invested RMB10 million in the Company to subscribe for the additional registered capital of RMB210,594, corresponding to 1.818% of the equity of the Company upon completion of this capital increase. RMB210,594 of the investment funds was treated as the additional registered capital under this capital increase and the remaining portion was credited to the capital reserve of the Company.
- (c) Duoke Information invested in the Company with its 100% equity (corresponding to the Company's registered capital of RMB71 million) in Beijing Dianqier Creative Interactive Media Culture Co., Ltd. (hereinafter

referred to as “Beijing Dianqier”), and the value of injected equity shall be deemed to be RMB40 million based on the appraisal results of a third-party appraiser commissioned by Duoke Information and Beijing Dianqier. Duoke Information subscribed for the additional registered capital of RMB842,377, which corresponds to 7.273% of the equity of the Company upon completion of this capital increase. Duoke Information will use RMB842,377 of the equity valuating RMB40 million in Beijing Dianqier as the additional registered capital under the transaction of capital increase, and the remaining portion will be credited to the capital reserve of the Company. In relation to the above equity contribution arrangement, Duoke Information and the Company shall sign the equity transfer agreement together with this Agreement and provide a scanned copy of the valuation report of Beijing Dianqier to the Company in a timely manner upon the issuance of the valuation report.

2.2 Upon completion of the Transaction, the registered capital of the Company will be changed from RMB9,878,592 to RMB11,582,681.

2.3 The effective percentage of the Company’s shareholding prior to the completion of this Transaction is as follows.

Name of shareholders	Amount of capital contribution (RMB 0,000)	Shareholding ratio
Xiong Bin	425.0802	43.030%
Ningbo Plum Mingshi Investment Partnership (Limited Partnership)	72.1501	7.304%
Ningbo Meishan Bonded Port Area Plum Yangshi Investment Partnership (Limited Partnership)	15.5379	1.573%
Guangzhou Black Hole Investment Co., Ltd.	62.7392	6.351%
Beijing Yunfeng Xingnong Science and Technology Center (Limited Partnership)	49.3506	4.996%

Chongqing Skysaga Boyuan Equity Investment Fund Partnership (Limited Partnership)	69.9400	7.080%
Hangzhou Boson Equity Investment Partnership (Limited Partnership)	64.9829	6.578%
Nantong Maode Equity Investment Center (Limited Partnership)	32.2256	3.262%
Tianjin Ether Formula Enterprise Management Partnership (Limited Partnership)	77.6893	7.864%
Qingdao Leton Industry Fusion Fund Investment Center (Limited Partnership)	75.6257	7.656%
Ningbo Free Trade Zone Yuke Investment Partnership (Limited Partnership)	38.6706	3.915%
Hangzhou New Potential Energy Equity Investment Partnership (Limited Partnership)	3.8671	0.391%
Total	987.8592	100%

2.4 Upon completion of this Transaction, the effective percentage of the Company's shareholding is as follows.

Name of shareholder	Amount of capital contribution (RMB 0,000)	Shareholding ratio
Xiong Bin	425.0802	36.700%
Ningbo Plum Mingshi Investment Partnership (Limited Partnership)	72.1501	6.229%
Ningbo Meishan Bonded Port Area Plum Yangshi Investment Partnership (Limited Partnership)	15.5379	1.341%
Guangzhou Black Hole Investment Co., Ltd.	62.7392	5.417%
Beijing Yunfeng Xingnong Science and Technology Center (Limited Partnership)	49.3506	4.261%

Chongqing Skysaga Boyuan Equity Investment Fund Partnership (Limited Partnership)	69.9400	6.038%
Hangzhou Boson Equity Investment Partnership (Limited Partnership)	64.9829	5.610%
Nantong Maode Equity Investment Center (Limited Partnership)	32.2256	2.782%
Tianjin Ether Formula Enterprise Management Partnership (Limited Partnership)	77.6893	6.707%
Qingdao Leton Industry Fusion Fund Investment Center (Limited Partnership)	75.6257	6.529%
Ningbo Free Trade Zone Yuke Investment Partnership (Limited Partnership)	38.6706	3.339%
Hangzhou New Potential Energy Equity Investment Partnership (Limited Partnership)	3.8671	0.334%
Zhejiang Free Trade Zone Plum Lide Venture Capital Partnership (Limited Partnership)	63.1783	5.455%
Jiaxing Yuanke Yihao Equity Investment Partnership (Limited Partnership)	22.9929	1.985%
Beijing Duoke Information Technology Co., Ltd.	84.2377	7.273%
Total	1,158.2681	100%

- 2.5 The equity held by Yunfeng Technology are reserved for the purpose of motivating the management team of the Company. The subsequent allocation and exercise plan of the equity held by Yunfeng Technology is subject to the consent of the majority of the investors. If, prior to the Transaction, the Company needs to increase the proportion of equity in the Company held by Yunfeng Technology, the Founding Shareholders agree to do so by way of transferring their equity in the Company to Yunfeng Technology, without diluting the proportion of equity in the Company held by the Investors' Shareholders. If the Company increases the reserved incentive

shareholding in the future (whether or not through Yunfeng Technology), it shall be approved by the Shareholders' Meeting of the Company, of which the consent of a majority of the Investors' Shareholders shall be required.

- 2.6 The investors in this round may transfer their equity in the Target Company acquired through this round to a subject designated by them (which shall not be engaged in the same or similar principal business as the Target Company) and the other existing shareholders of the Company hereby agree and waive all applicable pre-emptive subscription rights or similar rights, if applicable.

Article 3 Delivery of the Price and Execution of This Agreement

3.1 Delivery of the price and execution of this Agreement

- (a) The parties acknowledge that, in the event that the conditions precedent agreed in Article 3.2 of this Agreement are satisfied, the Company shall issue to Party B a payment notice and a document certifying that the conditions precedent in Article 3.2 are satisfied, and the investor in this round shall complete payment of the investment amount within five (5) business days upon receipt of the aforesaid document in the following order.

(i) Plum Lide shall complete payment of the amount invested under Article 2.1 mentioned above, namely RMB30 million, to an account designated in writing by the Company.

(ii) Yuanke Yihao shall complete the payment of the investment funds payable in cash under Article 2.1 mentioned above, namely RMB10 million, to an account designated in writing by the Company, as well as confirm in writing that the loan of RMB500,000 provided by Yuanke Yihao to the Company has been fully converted into the investment funds for the subscription of the additional registered capital of the Company.

(iii) Upon receipt by the Company of the full investment funds from the aforesaid Plum Lide and Yuanke Yihao, the Company shall provide all original investors'

shareholders with proof of the investment funds credited to the account, and upon receipt by the Company of the full investment funds paid by Yuanke Yihao, the *Equity Transfer Agreement* entered into between the Company and Duoke Information shall automatically become effective, i.e. Duoke Information shall transfer its 100% equity in Beijing Dianqier, valued at RMB40 million, to the Company. The corresponding change registration procedures will be completed within ten business days after the *Equity Transfer Agreement* becomes effective.

- (b) Each party acknowledges and agrees that, subject to the relevant provisions of Article 3.1(a) mentioned above of this Agreement, the delivery of investors in this round shall be made at its independent will; the decision of any of investors in this round shall not affect the rights and obligations of the other investors in this round under this Agreement, and if any of investors in this round fails to deliver or is in default, the other investors in this round shall not bear any responsibility or obligation for any act of such investor in this round and shall not suffer any damage in this regard. The shareholding structure of the Company after the Transaction shall be adjusted in accordance with the actual investment and the Agreement, the Articles of Association and other transaction documents shall be re-signed.

3.2 Prerequisites for delivery

- (a) Representations and Warranties: Except for the matters otherwise disclosed in the Disclosure Letter in Annex III, the representations and warranties made by the Company and the Existing Shareholders in this Agreement are true, accurate, complete and not misleading in any respect.
- (b) No specific governmental order: No specific governmental order has been made, issued, implemented or passed by any governmental department that would render the Transaction unlawful or otherwise restrict or prohibit the Transaction.
- (c) No legal proceedings or litigation: There are no legal proceedings or litigation, current or potential, brought by or against any governmental department, against the Company or existing shareholders that would restrict, or have a material

adverse effect on, the transaction.

- (d) Transaction Agreements: All Transaction Agreements have been duly executed by the relevant parties and a signed scanned copy of each Transaction Agreement has been delivered to Party B (the original will be delivered by the relevant party within 10 working days from the date of signing this Agreement).
- (e) Equity Transfer Agreement: The Company has entered into the *Equity Transfer Agreement* with Duoke Information and delivered a scanned signed copy of the *Equity Transfer Agreement* to Duoke Information.
- (f) Subsidiary documents: Relevant resolutions of the original shareholders of the Company approving this Agreement and the transactions under this Agreement, including their agreement to waive the right to subscribe for the additional registered capital on a preferential basis, written resolutions of the Shareholders' Meeting and the Board of Directors approving the transaction, and the Articles of Association of the Company adjusted in accordance with this Investment Agreement as confirmed by the Shareholders' Meeting of the Company.
- (g) Change of registration documents: The Company has signed the change application documents for this capital increase and change of directors of the Company that need to be submitted to the Market Supervision Authority in accordance with the capital increase and change of directors as agreed in this Agreement, and shall provide a scanned copy of the signed version of these documents to the investors in this round respectively.
- (h) Non-compete: The members of core team of the Company (as listed in [Annex I](#)) have all signed relevant non-compete agreements with the Company.
- (i) There are no laws, regulations, judgments, rulings, decisions or injunctions of the courts or relevant governmental authorities that restrict, prohibit or cancel the Company's Transaction, nor are there any pending or potential litigation, arbitration, judgments, rulings, decisions or injunctions that have adversely affected or will adversely affect the Original Shareholders, the investors in this round, the Company

or the Transaction.

- (j) The representations and warranties made by the parties under this Agreement are true, complete and accurate and there is no breach of Article 5 of this Agreement by the Company, the Founding Shareholders.
- (k) Since the date of this Agreement (including the date of execution), the Company has not had any event or circumstance that should or could have any material adverse effect on the Company's legal registration, operating licenses, product registration, intellectual property rights, business operations, assets, liabilities, earnings prospects or other material aspects (including, without limitation, any material complaints, proceedings, material penalties, or any investigation or penalty proceedings by other governmental authorities against the Company or the technology and products provided by the Company), arbitration proceedings, significant penalties, or any investigation or penalty proceedings by other governmental authorities).

3.3 Settlement date

The date of the actual payment of the capital increase or the signing of the *Equity Transfer Agreement* by the investors in this round in accordance with Article 3.1 of this Agreement, respectively, shall be the Settlement Date (the "Settlement Date"). For any material liabilities, risks or burdens prior to the Settlement Date that have not been disclosed by the Company to the investors in this round, resulting in serious losses to the investors in this round, they shall continue to be borne by the Existing Shareholders after the Settlement Date.

Article 4 Corporate Governance

4.1 Shareholders' Meeting

From the date of this Agreement, the voting rights of the Company's Shareholders' Meeting shall be exercised by the shareholders in proportion to their shareholding after this Transaction. Unless otherwise agreed in this Agreement, the Company shall not take

any of the following actions without a duly convened Shareholders' Meeting of the Company and the consent of a vote of two-thirds or more of all shareholders with voting rights (including the consent of a majority of the investors):

- (a) Increase or reduction of the registered capital of the Company.
- (b) Amendments to the Articles of Association.
- (c) To resolve on matters such as listing, merger, reorganisation, separation, change of corporate form, dissolution and liquidation of the Company and change of control of the Company and the sale or transfer by the Company in any manner of the Company's material assets and/or significant business.
- (d) Board structure changes.

The consent of the investors' shareholder(s) to whom the said action relates shall also be required if it involves a change in the rights, privileges or preferences of the investors' shareholder(s)/director(s), including but not limited to, adversely affecting the preferences by amending or waiving certain provisions of the Articles.

4.2 Board of Directors

- (a) The Target Company shall establish a Board of Directors consisting of 11 directors, of which 6 directors shall be appointed by the Founding Shareholders, 1 director shall be appointed by Black Hole Investment ("Black Hole Director"), 1 director shall be jointly appointed by Ether Formula, Hangzhou Boson and Nantong Maode ("Ether Director"), 1 director appointed by Qingdao Leton ("Leton Director"), 1 director appointed by Ningbo Yuke ("Yuke Director"), 1 director appointed by Yuanke Yihao ("Yuanke Director", together with the Black Hole Director, the Ether Director, the Leton Director and the Yuke Director are collectively referred to the "Investors' Directors"). The parties agree that if the combined shareholding of any of the investors and their affiliates falls below 3% during the course of the Company's subsequent financing, such investor and its affiliates will no longer have the right to appoint directors.

- (b) The Company shall have one Chairman and no Vice Chairman, who shall be elected by the Board of Directors, provided that he or she is a director appointed by the Founding Shareholders. Each shareholder agrees that he or she will vote for the election of directors to the Board of Directors and take all other steps necessary to ensure that the Board of Directors of the Company is constituted as aforesaid. Each shareholder agrees that he or she will not vote for the removal of any director who would otherwise be appointed in accordance with the above composition of the Board unless the shareholder entitled to appoint such director consents in writing to such removal. The Company will take all necessary steps to cause the Board to be constituted as aforesaid.
- (c) The term of office of each director shall be three (3) years. Each shareholder may at any time remove any director appointed by him or her and appoint a successor director for the remainder of the term of the director being replaced. Upon the replacement of a director, the shareholder entitled to appoint a director as provided in this Agreement shall give written notice of such replacement to each of other shareholders and to the Company. Each shareholder agrees that it will vote in favour of such replacement. If required by PRC law then in force, the Company shall register the change with the registrar for such change.
- (d) The Board of Directors of the Company shall convene the Board of Directors at least once every quarter. For regular Board meetings, the Chairman shall notify all Directors in writing of the date, time, place and agenda of the meeting at least fifteen (15) days prior to the meeting; for extraordinary board meetings, all Directors shall be notified in writing of the above matters five (5) days prior to the meeting. With the written consent of all the Directors, notice of a meeting of the Board may be given for less than fifteen (15) days and notice of an extraordinary Board meeting may be given for less than five (5) days. A meeting of the Board of Directors shall be held in the presence of a majority of the Directors and resolutions on matters other than those set out in Article 4.2(g) of this Agreement shall be approved by a majority of the Directors of the Company's Board of Directors.

- (e) At meetings of the Board of Directors of the Company, each Director shall have one vote. To the extent permitted by applicable law, any Director may authorise another Director or a third party of civil capacity to attend a meeting of the Board and to vote on behalf of that Director.
- (f) All reasonable expenses incurred by a director in connection with his or her participation in a meeting of the Board shall be borne entirely by the Company. The Company shall provide the maximum protection from liability for Board members as permitted by applicable law, including but not limited to, responsibility for indemnifying any Board member against liability to third parties arising out of the exercise of his or her duties, but shall not indemnify third parties against liability arising out of a breach of law, gross negligence or fraud by a director.
- (g) Unless otherwise agreed in this Agreement, the Target Company shall not take the following actions without the approval of a vote at a Board meeting (including the approval of more than half of the Directors of the Investors):
 - a) Establishment of subsidiaries or associated bodies.
 - b) Major financing matters, the provision of any external guarantees by the Company, the pledging of any assets of the Company.
 - c) Adopt a budget or any significant changes to a budget, or engage in new business.
 - d) Capital expenditure in excess of RMB1 million, either individually or cumulatively within a financial quarter, outside of the quarterly budget approved by the Board.
 - e) Any investment in excess of RMB1 million, or any debt or fixed asset expenditure in excess of RMB1 million, or connected transactions that individually or cumulatively exceed RMB1 million.
 - f) Declaration, payment of dividends or other benefits.

- g) Increases of more than 15% in the remuneration of the five highest paid executives of the Company in any 12-month period.
- h) Adopt or vary any of the terms of any employee's option plans or profit-sharing schemes of the Company.
- i) Significant changes in the nature and scope of the Company's business.

4.3 Supervisors

The Company shall not establish a Supervisory Board for the time being and shall have one Supervisor. For the avoidance of doubt, Plum Investment shall be entitled to appoint a Supervisor to the Company, who shall be entitled to attend the Board of Directors' meetings held by the Company, whether on-site or by correspondence, and shall be notified in writing of all resolutions made by the Board of Directors.

Article 5 Representations and Warranties of the Company and Founding Shareholders

Except as indicated in the Disclosure Letter in [Annex III](#) or as otherwise disclosed, the Company and the Founding Shareholders give the following representations and warranties.

5.1 Authorisation

The Founding Shareholders and the Company have obtained sufficient necessary authority to enter into this Agreement, to perform all obligations hereunder and to consummate the transactions hereunder.

5.2 No conflict

The execution and performance of this Agreement does not violate or conflict with any provision of the Articles of Association, other organisational rules of the Company or any agreements and documents signed by the Company and does not violate any mandatory laws and regulations of the PRC; all Founding Shareholders and the Company have

obtained the consent or authorization of other parties outside this Agreement necessary to conduct the transactions under this Agreement.

5.3 Effective existence of the Company

The Company is a legally established and validly existing entity. The registered capital of the Company has been fully paid in accordance with the payment requirements set out in its Articles of Association, approval documents, certificates of approval and business licence (hereinafter referred to as the "Documents for Incorporation"), in accordance with the requirements of PRC law, and there is no non-payment, late payment, misrepresentation or evasion of registered capital. All Documents for Incorporation have been legally and validly approved or registered (where required) and are valid and enforceable. The scope of business of the Company as detailed in the Documents for Incorporation complies with the requirements of Chinese law. The Company conducts its business activities in strict accordance with the scope of business as set out in the Documents for Incorporation and the requirements of the law. All licenses, approvals and permits required by the Company to carry out its business activities under the laws of the PRC have been applied for and obtained in accordance with the law; and all such permits are valid and subsisting. The Company has passed the annual inspection of its licenses and permits (if required) by the relevant authorised government authorities.

5.4 Share capital structure

The share capital structure of the Company provided by the Founding Shareholders to each of the investors in this round is true and accurate. There are no undisclosed proxy relationships for the equity in the Company held by the Founding Shareholders.

5.5 Use of investment funds

The funds invested by the investors in this round in the Company shall be used for the daily operation of the Company only and shall not be used for any other purpose except with the written consent of the investors in this round, otherwise the investors in this round shall be entitled to demand the Company to return the investment funds or Company's the equity transferred by the Founding Shareholders to and held by the

investors in this round, and the Company and the Founding Shareholders shall compensate the economic losses of the investors in this round.

5.6 Financial statements

The financial statements provided by the Company to each of the investors in this round as at the end of the last natural month prior to the date of signing of the Agreement (hereinafter referred to as the "Balance Sheet Date") truly, completely and accurately reflect the operating conditions and financial position of the Company for the relevant period or the relevant reference date. All audited accounts and management accounts (including transfer accounts) of the Company have been prepared in accordance with the financial and accounting systems of the relevant PRC laws and in combination with the specific circumstances of the Company and give a true and fair view of the financial and operating position of the Company as at the date of the relevant accounts. The financial records and information of the Company are in full compliance with the requirements of PRC laws and regulations and PRC standard accounting standards.

5.7 No change

From the balance sheet date until the date of completion of the industrial and commercial registration of the payment of all additional registered capital subscribed by each of the investors in this round, unless otherwise agreed in this Agreement and the Annexes or expressly disclosed by the Founding Shareholders or the Company or agreed in writing by the investors in this round, the Company shall have no following behaviors:

- (1) Early repayment of debts.
- (2) Guarantee, create mortgages, pledges and other security rights over their property to other persons.
- (3) Release any claim against another person or waive any right to claim.
- (4) To make changes to any existing contract or agreement to the detriment of the Company.

- (5) To grant bonuses or increase any other form of income to any officer, director, shareholder, employee, sales representative, agent or consultant, except in the ordinary course of business; to increase the level of remuneration of the five individuals with the highest remuneration in the Company and of senior management such as directors, chief executive officers, presidents, general managers, deputy general managers and chief financial officers by more than 15%, and to appoint or remove the above persons.
- (6) Modification of the Company's accounting methods, policies or principles, financial and accounting regulations.
- (7) Transfer or license the use of the Company's intellectual property rights other than in the normal course of the Company's business.
- (8) Any significant changes in sales practices or accounting methods, employment policies, significant changes in rules and regulations.
- (9) A material adverse change in the financial position of the Company; a material transaction which is outside the ordinary course of the Company's business and gives rise to a material liability (the "material" in "material transaction" and "material liability" herein means a transaction that would adversely affect the Company's normal business operations, assets and liabilities, continued profitability and effective existence)
- (10) To give rise to any resolution of the Board of Shareholders or resolution of the Board of Directors which is different from the ordinary business discussed at the Annual General Meeting, other than a resolution formed for the purposes of this Agreement.
- (11) Declare, have paid, cause or intend to declare, intend to pay, cause to be paid any dividend, bonus or other form of dividend to shareholders.
- (12) (i) The sale, mortgage, pledge, lease, transfer and other disposition of assets in excess of the ordinary course of business and in transactions aggregating more than

RMB100,000, (ii) the disposal of any fixed assets or the consent to the disposal or acquisition of fixed assets other than in the ordinary course of business, the relinquishment of control over any of assets of the Company, the incurrence of any contract giving rise to expenditure on fixed assets, (iii) in excess of the ordinary course of business and in an aggregate amount exceeding RMB100,000 in any expenditure or the purchase of any tangible or intangible asset (including making an external investment in any company).

(13) Any material transaction or act that is not in the ordinary course of business of the Company (The “material” here is defined the same as “material” in Article 5.7 (9)).

(14) Any act or omission that may lead to the above.

5.8 Assets

The Company legally owns and uses all of its real, fixed and intangible assets.

5.9 Disposal of debts and assets

Since the balance sheet date, (1) no event other than the day-to-day operations of the Company has triggered the early maturity of the Company’s debts; (2) no property of the Company has been disposed of or taken out of the control of the Company, no agreement entered into by the Company has resulted in the Company incurring extraordinary financial expenses and no such liability has been incurred; (3) the Company has never given any security for any other person or created any mortgage, pledge or other security interest in its property.

5.10 Taxation

The Company has completed all tax registrations required by laws and regulations, has paid all taxes due and is not required to pay any penalties, surcharges, fines, late payment fees or interest in relation to such taxes. The Company has not committed any tax offences or violations, and is not involved in any disputes or litigation relating to taxation.

5.11 Connected transactions

The Company does not have any connected transactions, except for normal transactions in the ordinary course of the Company's business.

5.12 Contracts

The Founding Shareholders, the Company, have provided each of the investors in this round with copies of the material agreements or contracts of the Company that are currently in force and correspond to the originals. The Founding Shareholders and the Company warrant that all contracts of the Company currently in force are legally valid and legally enforceable and that all contracts currently in force are properly performed and that there is no breach of contract by the Company or any other party to the transaction.

5.13 Intellectual property rights

The Company has the legal ownership or right to use all intellectual property rights (including but not limited to patents, trademarks, copyrights, know-how, domain names and trade secrets) necessary to conduct its past and current business and operations, and the Company has obtained the necessary licenses or permits for the intellectual property rights of others in connection with any of its business operations. The Company does not infringe any intellectual property rights, trade secrets, proprietary information or other similar rights of others, and there are no claims, disputes or proceedings pending or threatened against the Company for infringement of the intellectual property rights, trade secrets, proprietary information or other similar rights of any other party outside of this Agreement.

5.14 Litigations

There are no circumstances, whether completed, pending or threatened, that could materially and adversely affect the Company and the Founding Shareholders, or negatively affect the formation, validity and enforceability of this Agreement and the transactions hereunder:

- (1) Penalties, injunctions or directives imposed on the Company by the department.
 - (2) Other proceedings or disputes against the Company, such as civil, criminal, administrative proceedings, arbitration, etc.
 - (3) Other proceedings or disputes against the Founding Shareholders such as civil, criminal, administrative actions, arbitration, etc.
- 5.15 Regulatory compliance

The Company is currently operating in compliance with the laws, rules, regulations and provisions currently in force and is not in breach of any legislation that would adversely affect the normal business operations, assets and liabilities, continued profitability and effective continuation of the Company's business.

5.16 Due diligence and non-competition

- (1) The Founding Shareholders shall, and the Founding Shareholders shall, use their best endeavours to procure that the core team members devote their full working time and energy to the operations of the Company and use their best endeavours to promote and benefit the Company.
- (2) Without the consent of the investors in this round and other existing shareholders, the Founding Shareholder shall not and the Founding Shareholder shall make every effort to urge the core team members not to, be employed in any manner by any person, partnership, corporation or other organization that is engaged in the same or similar business or has the direct Competing Business relationship with the Company; directly or indirectly engage in the business that competes with the Company's business either alone or in association with any person, partner, corporation or other organisation, including but not limited to officers, employees, partners, shareholders and consultants etc., and directly or indirectly hold any rights and interests and carry out the management in any business entity that competes with the Company.
- (3) The Founding Shareholders, core team members and related persons (within the

knowledge of the Company and the Founding Shareholders) do not directly or indirectly (i) own, manage, control, invest in the same, similar or Competing Business that the Company is conducting or has specific plans to conduct (Competing Business), (ii) participate in owning, managing, controlling, investing in a Competing Business, or have any interest or benefit, directly or indirectly, in a Competing Business, (iii) serve as a director, management personnel, consultant or employee of a company or organisation engaged in a Competing Business, or provide services or support in any other form or name to a company or organisation engaged in a Competing Business, (iv) provide loans, customer information or any other form of assistance in any form, (v) solicit customers in any form related to a Competing Business, or enter into or attempt to enter into transactions with customers related to the Company's Competing Business.

5.17 Employees

- (1) The Company employs the employees in compliance with the relevant labour laws and regulations applicable to them.
- (2) There is no employment dispute or controversy, or potential employment dispute or controversy, between the Company and its existing employees or its former employees.
- (3) The Company is not obliged to pay any unpaid financial compensation or other similar compensation or indemnity costs relating to the termination of the employment relationship.
- (4) The Company has signed non-compete agreements and confidentiality agreements with senior executives and core personnel of the Company.

5.18 Additional employee benefits or compensations

Apart from the employee benefits, social and pension security and financial compensation for termination of employment contracts as required by the Labour Law of the People's Republic of China and its relevant regulations, the Company does not

provide or undertake to provide any other in-service, termination, dismissal, retirement or pension benefits, security or compensation to its employees.

5.19 Access to information

During the normal working hours of the Company, the Company, the Original Shareholders will provide the investors and its representatives with such information about the Company as they may reasonably request, including but not limited to full access to all accounts, records, contracts, technical data, personnel data, management and other documents of the Company to the attorneys, accountants and other representatives appointed by the investors. In order to facilitate the review of the Company's property, assets, business and documents referred to in this Agreement, the Original Shareholders and the Company permit the investors in this round to contact or communicate with the Company's customers and creditors. The Original Shareholders and the Company agree that the investors shall have the right to conduct a due diligence review of the financial, asset and operating condition of the Company at any time prior to the execution of this Agreement. All documents, materials and information provided by the Original Shareholders and the Company to the investors prior to and after the execution of this Agreement are true, accurate, complete and free from omission and misrepresentation.

5.20 Registration of business changes

The Company shall complete the procedures for registration of the change in the Market Supervision and Administration Department for the capital increase and the change of directors of the Company within 15 working days from the date of completion of the payment of the full investment funds by the investors in this round, and shall provide the investors in this round with scanned copies of the business license and Articles of Association of the Company which have been filed by the Market Supervision and Administration Department respectively.

Article 6 Special Rights of Investors' Shareholders

6.1 Anti-dilution provisions

- (1) The Parties agree that after the completion of the Transaction and prior to the IPO of the Company, the Company shall not, without the written consent of the majority of the investors, accept new investors to subscribe for additional equity or any contribution (hereinafter referred to as the “New Contribution”) linked to or convertible into equity of the Company at a pre-investment valuation of less than RMB550 million (hereinafter referred to as the “Lower Valuation”).
- (2) If at that time a majority of the investors agree in writing that the Company will raise new capital at a Lower Valuation and, in the case of a particular Investors’ Shareholder, the price per RMB of registered capital subscribed by such Investors’ Shareholder (as shown in Annex II) is higher than the price of the new capital (such Investors’ Shareholder, hereinafter referred to as the “Indemnified Investor”), the Company shall be required to adjust the price per RMB of registered capital subscribed by such Indemnified Investor in accordance with the Lower Valuation. The adjustment shall be made in the following manner.

A directed capital increase or additional shares to be issued by the Company to the Indemnified Investor at a price of RMB 1 (if otherwise mandatorily required by law in relation to the minimum price for the transfer of equity);

Which enables:

The price per RMB of registered capital of the Company subscribed by such Indemnified Investor is equal to the price calculated by the following formula or otherwise compensated in a manner acceptable to such Indemnified Investor: the price per RMB of registered capital of the Company subscribed by such Indemnified Investor = $CP1 \times (A + B) / (A + C)$, where CP1 is the price per RMB of registered capital of the Company subscribed by the investor in this round, A is the registered capital of the Company prior to the Future Low Price B is the registered capital obtained by dividing the financing amount of the future low price financing by CP1, and C is the actual registered capital issued in the future low price financing.

- (3) The Company is not required to compensate the Indemnified Investor for equity at a lower valuation if
- a) A merger of companies approved by the Board of Directors of the Company, an acquisition or an equity in a similar business used in lieu of cash payments; or
 - b) Incentive equity is issued to employees in accordance with the equity incentive system approved by the Board of Directors of the Company.

6.2 Right to know

The Company is obliged to provide the relevant information and documents to the Investors' Shareholders as follows: (1) unaudited consolidated financial statements for each quarter within 30 days after the end of that quarter; (2) financial statements for each fiscal year within 90 days after the end of that year as audited by an accounting firm; and (3) consolidated budget for the following year within 45 days before the end of each fiscal year. All financial statements provided by the Company to the Investors' Shareholders shall include at least the profit and loss account, balance sheet and cash flow statement for the current period, and these financial statements shall comply with PRC accounting standards.

The Founding Shareholder shall, and shall cause the Company to, promptly notify the Investors' Shareholders of any matter that may have a material adverse effect on, or create a material obligation for, the Company and its subsidiaries/affiliates. If the Investors' Shareholder is in doubt about any information, it may, with reasonable advance notice to the Company and the Founding Shareholder, inspect all relevant financial information of the Company to understand the financial operations of the Company. In addition to the Company's annual audit, the Investors' Shareholders shall have the right to engage an accounting firm to audit the Company at its own expense.

6.3 Pre-emptive subscription rights

- (1) In the event of a sale, transfer or issue of new shares of the Company's new registered capital or equity, the Investors' Shareholders shall be entitled to

subscribe for the new registered capital or equity in proportion to their shareholdings on the same price, terms and conditions as other potential investors (except in the event of the issue of an employee share scheme, the acquisition of another company or other issue of new shares with the consent of a majority of the investors) on a preferential basis. Upon full exercise of the pre-emptive subscription rights by the Investors' Shareholders, other shareholders of the Company (if any at that time) shall be entitled to purchase the remaining portion of the available subscription equity. In the event that any Investors' Shareholder abandons the subscription of the capital increase, the other Investors' Shareholders who have not abandoned the subscription of the capital increase shall be entitled to subscribe for the abandoned portion of the capital increase in priority in proportion to their respective shareholdings.

- (2) At least 30 business days (or such shorter period as agreed by a majority of the Investors) prior to the proposed increase in the Company's registered capital (the "Proposed Capital Increase"), the Founding Shareholders shall ensure that the Company serves written notice of the Proposed Capital Increase (the "Capital Increase Notice") on the Investors' shareholders. The Capital Increase Notice shall set out (i) the amount, type and terms of such capital increase; and (ii) the consideration that the Company will be able to receive if such Proposed Capital Increase is implemented. If the Company does not send the Capital Increase Notice to the Investors' Shareholders, the Proposed Capital Increase shall not be proceeded. If the Investors' Shareholder exercises its preferential subscription rights, it shall respond to the Company in writing no later than 10 business days from the date of service of the Capital Increase Notice (the "Response Period").
- (3) In the case of a liquidation event of the Company and the investor does not recover its investment, the Founding Shareholder shall have the right to invest in the new project in preference to others within 5 years from the date of the liquidation event, and the Founding Shareholder shall be obliged to procure that the investor has the right of first refusal to invest in the new project.

6.4 Restrictions on transfer of shares

- (1) Except with the consent of a majority of the investors or as otherwise agreed in the Transaction Documents, the Founding Shareholders shall not sell, give, pledge, encumber or otherwise dispose of, directly or indirectly, any of their shareholdings in the Company until the completion of the IPO of the Company (collectively, the "Transfer").
- (2) The Founding Shareholders agree and undertake not to require the Investors' Shareholders to purchase their shareholdings if a majority of the investors do not consent to their transfer, nor shall they treat the failure of the Investors' Shareholders to purchase their shareholdings as consent to their transfer.
- (3) Notwithstanding any future acquisition of an interest in the Company by any employee of the Company, directly or indirectly, by any means, the Founder Shareholders shall ensure that such employee undertakes the restrictions on transfer set out in the preceding Article and the undertaking by such employee of the restrictions on transfer set out in the preceding two Articles shall be a condition precedent to such employee's direct or indirect acquisition of an interest in the Company.
- (4) For the avoidance of doubt, the shareholdings in the Company held by any shareholder may be freely transferred to its related parties, who hereby irrevocably consent to such transfer and shall then take all necessary measures to approve such transfer and waive their right of pre-emption and/or joint sale of the shareholdings transferred by such shareholder. In the event that a shareholder other than the Investors' Shareholder and the Founding Shareholder intends to transfer its shareholding in the Company to a third party other than its related parties, other shareholders of the Company shall be notified in advance of the said sale of shareholding, which notice shall specify the number of shares to be transferred and the transfer price, and other shareholders may purchase the shares to be sold at the price specified in the said notice in proportion to their shareholding at that time. Other shareholders shall reply within twenty (20) working days from the date of

receipt of the said notice as to whether they will purchase the equity to be transferred at the price stated in the notice, and if they fail to reply within the said period, the shareholders who intend to sell their equity shall be entitled to sell the said equity to a third party in accordance with the contents of the said notice. Other shareholders shall cooperate in completing the registration of the relevant industrial and commercial changes in respect of such equity transfer.

6.5 Right of first refusal

- (1) Subject to Article 6.4, the Investors' Shareholders shall have priority over other Shareholders in the sale of the equity in the Company by the Founding Shareholder (in this case the "Transferor") to acquire part or whole of the equity to be sold on the same terms and conditions and in proportion to their respective shareholdings.
- (2) If the Transferor wishes to sell part or whole of its equity in the Company to any party other than this Agreement (the "Transferee"), the Transferor must give written notice to the Investors' Shareholders (the "Notice of Transfer") setting out the number of equity that the Transferor wishes to sell, the price of such equity, the identity of the transferee, and other terms and conditions relating to such proposed sale.
- (3) After the Transferor has served the Notice of Transfer on the Investors' Shareholders, the Investors' Shareholders must, within Twenty (20) business days upon receipt of the Notice of Transfer (the "Response Period"), respond in writing to the Transferor indicating that it either (1) does not consent to such sale, (2) consents to such sale and waives its right of first refusal and states whether it is exercising its right of co-sale as defined in Article 6.6 (a response satisfying the requirements herein and stating the exercise of the right of co-sale is referred to as a "Notice of Co-sale"), or (3) agrees to such sale and exercises its right of first refusal (such response is then referred to as a "Notice of First Refusal") to purchase part or whole of the equity to be sold by the Transferor.
- (4) If the Investors' Shareholder does not provide any response within the Response

Period after receipt of the Notice of Transfer, it shall be deemed to have given its prior consent to the sale as described by the Transferor in the Notice of Transfer and to have waived its right of pre-emption under Article 6.5 and its right of co-sale under Article 6.6.

6.6 Right of co-sale

- (1) Subject to Articles 6.4 and 6.5, if the Transferor wishes to transfer any equity in the Company to the Transferee, the Investors' Shareholders shall be entitled to participate jointly in the sale of the equity to the Transferee in proportion to their shareholding between them and the Transferor, subject to the Investors' Shareholders giving Notice of Co-sale.
- (2) If the Investors' Shareholder elects to exercise the right of co-sale, the Investors' Shareholders shall, within the Response Period, give Notice of Co-sale and specify in it the number of shares in the Company in respect of which it elects to exercise the right of co-sale. If the Investors' Shareholder exercises the right of co-sale, the Transferor shall ensure that the right of co-sale is fulfilled by, among other things, reducing the number of shares sold by the Transferor accordingly. If the Investors' Shareholder has duly exercised the right of co-sale and the Transferee refuses to purchase the relevant equity from the Investors' Shareholder, the Transferor shall not sell any equity in the Company to the Transferee unless the Transferor also purchases from the Investors' Shareholder on the same terms and conditions all of the equity which the Investors' Shareholder would otherwise have transferred to the Transferee by way of co-sale. Where more than one Investors' Shareholder exercises the right of co-sale as described above, they shall sell the equity in the Company which they are entitled to sell under this Article in proportion to their relative shareholdings.

6.7 Right of sale

After 1 April 2023, if any other party outside this Agreement proposes to acquire the Company in part or in whole at a price not less than an overall valuation of RMB2.4

billion (which may be otherwise waived to a lower price by more than two-thirds of the shareholders of the Company (including a majority of the investors)), other shareholders of the Company must agree to such sale if the majority of the investors agree and the Board of Directors of the Company approves such sale. The sale will be made to a party other than the Company at the Company's option on the same terms and conditions. If any other shareholder does not consent to such sale, such shareholder or a third party designated by him shall be required to repurchase part or whole of the equity in the Company held by the investors who have consented to such sale on equal terms, calculated on a pro rata basis among the investors who have consented to such sale.

6.8 Preferential distribution rights in the liquidation of the Company

- (1) In the event of any liquidation, dissolution or termination of the Company, or a "deemed liquidation event", the assets of the Company, after payment of liquidation expenses and repayment of the Company's debts (including related employee and tax liabilities) in accordance with the order of priority provided by applicable law, the remaining assets ("Distributable Assets") shall be distributed in the manner set forth in Article 6.8(2) below; a Deemed Liquidation Event for the purposes of this Article means: (1) a merger or acquisition of the Company in which all of the current shareholders, following the merger or acquisition, then hold less than 51% of the Company's equity in the aggregate (calculated on the basis of the full exercise of the Company's warrants); or (2) a material sale by the Company of all of its assets.
- (2) Distribution of Company's property
 - a) Covenant allocation order.
 - i. Firstly, the Distributable Assets shall be used to pay to the Series B Investors' Shareholders, in priority, an amount equal to (1) the Series B Investors' Shareholders' capital increase costs, plus (2) the dividends declared but not distributed by the Company to the Series B Investors' Shareholders (only with respect to dividends corresponding to the investment funds already paid

to the Company by the Series B Investors' Shareholders), if any ("Series B Preferred Liquidation Amount"); if there are insufficient distributable assets, they shall be distributed among the Series B Investors' Shareholders in proportion to their respective share of the Series B Preferred Liquidation Amount.

- ii. Secondly, any remaining distributable assets after payment in full of the Series B Preferred Liquidation Amount as described above shall be used to make a preferential payment to the Series A+ Investors' Shareholders of an amount equal to (1) the Series A+ Investors' Shareholders' capital increase costs, plus (2) the Company's declared but undistributed dividends to the Series A+ Investors' Shareholders (only in respect of those dividends corresponding to the investment funds already paid to the Company by the Series A+ Investors' Shareholders), if any ("Series A+ Preferred Liquidation Amount"); if there are insufficient distributable assets, they are distributed among the Series A+ Investors' Shareholders in proportion to their respective share of the Series A+ Preferred Liquidation Amount.
- iii. Thirdly, after payment in full of the Series B Preferred Liquidation Amount and the Series A+ Preferred Liquidation Amount described above, any remaining distributable assets shall be used to prioritize the other remaining shareholders to pay to the Series A Investors' Shareholders an amount equal to (1) the Series A Investors' Shareholders' capital increase costs, plus (2) the Company's declared but undistributed dividends, if any, to the Series A Investors' Shareholders ("Series A Preferred Liquidation Amount"); if there are insufficient remaining distributable assets, they will be distributed among the Series A Investors' Shareholders in proportion to their respective share of the Series A Preferred Liquidation Amount.
- iv. Fourthly, after payment in full of the Series B Preferred Liquidation Amount, the Series A+ Preferred Liquidation Amount and the Series A Preferred Liquidation Amount as described above, any remaining distributable assets

shall be paid to the Pre-A Investors in priority to the other remaining shareholders in an amount equal to (1) the capital increase costs of the Pre-A Investors' shareholders, plus (2) the Company's declared but undistributed dividends to the Pre-A Investors' shareholders, if any (the "Pre-A Series Preferred Liquidation Amount").

- v. Fifthly, after payment in full of the Series B Preferred Liquidation Amount, the Series A+ Preferred Liquidation Amount, the Series A Preferred Liquidation Amount and the Pre-A Preferred Liquidation Amount, any remaining distributable assets shall have priority over the other remaining Shareholders in paying to the Angel Investors' Shareholders an amount equal to (1) the Angel Investors' Shareholders' capital increase costs, plus (2) the Company's declared but undistributed dividends to the Angel Investor, if any (the "Angel Series Preferred Liquidation Amount", together with the Series B Preferred Liquidation Amount, the Series A+ Preferred Liquidation Amount, the Series A Preferred Liquidation Amount and the Pre-A Preferred Liquidation Amount, collectively, the "Investors' Preferred Liquidation Amount").
 - vi. Finally, any remaining distributable assets, after payment in full of the preferred liquidation amount of the investors, shall be distributed among the shareholders (including the Investors' Shareholders) in proportion to their shareholdings in the Company.
- b) Allocation mechanisms and procedures

If the distribution of distributable assets from the Company to the Company's shareholders is required by law to be made in proportion to the shareholders' capital contributions, in order to satisfy the requirements of the relevant law while achieving the agreed distribution between the parties under this Article, the parties agree that the distributable assets will be adjusted for distribution in accordance with the following mechanism and procedures.

- i. Distributable assets are firstly distributed to each shareholder of the Company in proportion to the shareholder's capital contribution ("initial distribution")
- ii. After the completion of the initial distribution, the amount of assets received by each shareholder of the Company from the initial distribution shall be adjusted again between shareholders of the Company by way of gratuitous transfer or assignment, so that the amount of distributable assets finally received by each shareholder of the Company will have the same or similar economic effect as under the scheme described in this Article of the agreed distribution.

6.9 Best offer terms

Unless otherwise agreed in the Transaction Documents, if any existing and/or future shareholders of the Target Company and/or the investors have rights that are more favourable or preferential than those enjoyed by any Investors' Shareholder under the Transaction Documents, including but not limited to, rights of pre-emption, rights of co-sale, rights of dividends, rights of preferential distribution in the liquidation of the Company etc., the Investors' Shareholder shall have the same rights unless with the consent of the majority of the investors. The Target Company and its shareholders shall provide all necessary cooperation, including but not limited to amending this Agreement, the Investment Agreement and the Articles of Association, to enable the Investors' Shareholders to enjoy the aforesaid more favourable or preferential rights.

6.10 Share repurchase

- (1) The investor shall be entitled to require the Company and/or the Founding Shareholders (the "Repurchase Obligor") to repurchase part or whole of the equity in the Target Company held by it in accordance with the provisions of this Article when any of the following material events occurs (for the avoidance of doubt, the equity in the Target Company which the investor shall be entitled to require the Repurchase Obligor to repurchase do not include the equity in the Company

acquired by it as a result of the transfer of previous or existing shareholders of the Company, unless the repurchase right also applies to that part of the equity prior to conversion; the same below):

- a) Material breaches of Transaction Documents by the Company or Founding Shareholders;
 - b) Failure of the Company to achieve a listing (including IPO, shell listing or participation in a major asset reorganisation of a listed company, excluding listing on the New Third Board) since before 1 April 2025.
- (2) In the event of the above agreement, the repurchase price shall be determined as the largest amount calculated in accordance with:
- a) The total contribution amount (subject to the amount of the consideration for capital increase subscription actually paid by the Investor's Shareholders to the Company, as shown in Annex II) of each investor and the interest calculated at the rate of 8% per annum (simple interest) and from the date of actual payment of the capital contribution to the date of actual payment of the repurchase amount by the Repurchase Obligor;
 - b) 100% of the audited net assets of the Company corresponding to the equity held by each of the Investors' Shareholders at the time of the repurchase.
- (3) Performance of repurchases.
- a) The Repurchase Obligor shall repurchase the equity requested by each of its shareholders by paying cash to each of them, and the repurchase amount shall be paid within 90 days from the date of the repurchase request by each of them. If the Repurchase Obligor is unable to pay the repurchase amount, the Repurchase Obligor may also elect to sell its equity in the Company jointly with the investor within 30 days from the date of the repurchase request by the shareholders of the respective investor in accordance with the following Article "Compulsory Right of Co-sale".

b) If the Repurchase Obligor does not offer to sell the Company's shareholding jointly with each Investors' Shareholder under the Article of the Compulsory Right of Co-sale and fails to pay the corresponding amount by the aforementioned deadline, it shall pay to each Investors' Shareholder 0.1% of the outstanding amount as a late payment penalty for each day the amount is overdue.

(4) Compulsory Right of Co-sale for Investors' Shareholders

In the event that the circumstances described in Article 6.10(1) under this Agreement arise and either Investors' Shareholder requests a repurchase, but the Repurchase Obligor fails to complete the repurchase within 90 days, such Investors' Shareholder shall have the right to require the Founding Shareholder to jointly offer the Company's equity on the terms negotiated between such Investors' Shareholder and a third party; provided, however, that the Investors' Shareholder shall first request the Company to exercise its right of redemption. If the Company is unable or incapable of fulfilling its repurchase obligation in full, the Investors' Shareholder may then demand that the Founding Shareholder fulfil its redemption obligation in respect of the remaining unpaid repurchase amount. However, if the repurchase is triggered by the circumstances in Article 6.10(1) and the sale of the entire equity in the Company is not sufficient to repay the entire repurchase amount, the repurchase amount shall be distributed among all Investors' Shareholders in relative proportion to their actual investment in the Company, and the Investors' Shareholders reserve the right to further recourse against the Founding Shareholders. For the avoidance of doubt, the Founding Shareholder's liability for such repurchase shall be limited to the value of its shareholding in the Company at that time, unless the repurchase is triggered by a deliberate act of the Founding Shareholder.

(5) Profit distribution

The parties have agreed that the capital reserve, surplus reserves and undistributed profits (including accumulated undistributed profits) of the Company shall be

shared by all shareholders in proportion to their respective shareholdings after the completion of the Transaction.

6.11 Representations and warranties from the investors in this round

The following representations and warranties made by the investors in this round to the Company and the Original Shareholders are true, accurate and complete as at the date of this Agreement and up to the date of settlement.

- (1) Qualification as a contracting entity: The investor in this round is an enterprise legally established and validly subsisting under Chinese law.
- (2) Legally valid authority has been obtained: The investors in this round voluntarily and have full right and authority to execute and perform this Agreement and to consummate the transactions described herein. The investor has been legally and validly authorised to enter into this Agreement. This Agreement constitutes the legal, valid and binding obligation of the investors in this round.
- (3) Legitimate source of investment funds: The money invested by the investor in this round to the Company is from a legitimate source and is not subject to any possibility of recovery or refund, and the investors in this round are entitled to use such money in the manner agreed in this Agreement.

Article 7 Liability and Compensation for Breach of Contract

7.1 Breach of contract

A breach, or failure by either party to perform its representations, warranties, obligations or liabilities under this Agreement shall constitute a breach.

7.2 Liability for breach of contract

(1) General liability for breach of contract

- a) Except as otherwise agreed herein, if either party breaches this Agreement and causes the other party to incur any expense, liability or suffer any loss

("Losses"), the breaching party shall indemnify the performing party against any such Losses (including, without limitation, interest paid or lost as a result of the breach and reasonable costs incurred in recovering the Losses). The total amount of compensation payable by the breaching party to the performing party (the "Compensation Amount") shall be the same as the loss arising from such breach. The said compensation includes the benefit to which the performing party is entitled as a result of the performance.

- b) In calculating the performing party's loss, it is necessary to take into account, in addition to the loss suffered directly by the performing party, the loss and increased costs and expenses incurred by the Company as a result of the defaulting party's breach; and, in the case of each investor in this round, the difference between the valuation made by each investor in this round of the Company and the actual valuation of the Company (in the absence of such misrepresentation) as a result of misrepresentation by the Founding Shareholders and the Company, and the resulting impairment of the value of the equity held by each investor in this round in the Company. If the breach results in a loss to the Company, the performing party's loss shall be calculated in proportion to its interest in the Company and the performing party shall be entitled to claim compensation from the breaching party.

(2) Liability for material breach of contract

The Company and the Founding Shareholder are liable in the following cases:

- a) A major safety incident (as determined in accordance with the relevant laws and regulations) caused by the intentional or gross negligence of a staff member in the course of the Company's operations, unless the decision or system made by the Founding Shareholder was not illegal and there was no malpractice and best reasonable efforts were made to avoid the safety incident.
- b) The occurrence of connected transactions for which the consent of a board

resolution has not been obtained in accordance with the provisions of this Contract.

- c) Misappropriation or embezzlement of the Company's property by Founding Shareholders or management of the Company or their associates, etc.
 - d) The occurrence of a major breach of law by the Company (e.g. the Founding Shareholder or the Company being found criminally liable by a court decision, etc. resulting in a material adverse situation for the Company).
 - e) Breach of the non-competition obligation by the Founding Shareholders.
 - f) The financial data provided by the Company to the Investors' Shareholder was false.
- (3) When the Company or the Founding Shareholder is liable for material breach of contract under this article, in addition to compensating the Investors' Shareholders for the loss suffered by the Investors' Shareholders as a result of the Company's breach of contract in accordance with Article 7.2 (2) mentioned above, such compensation shall also include the amount of impairment in the value of the Investors' Shareholder's shareholding in the Company as a result of the payment of such compensation by the Company. The total amount of compensation actually payable by the Company to the Investors' Shareholder = amount of compensation ÷ (1 -(the proportion of the equity in the Company held by such Investors' Shareholder at that time). The Founding Shareholder shall be jointly and severally liable for the Company's indemnity for breach of contract.
- (4) Notwithstanding the above, the joint and several liability of the Founding Shareholders for the Company should be limited to the actual value of their shareholdings in the Company.

Article 8 Miscellaneous

8.1 Notification

Prior to payment of the Price, either party shall promptly notify the other parties in writing of any fact, change, condition, circumstance, or occurrence or non-occurrence of any event which comes to its knowledge and will or could reasonably be expected to cause (a) any of the conditions set forth in this Agreement to become unsatisfiable, (b) a violation against any of the representations and warranties hereunder; or (c) a material development affecting the business or financial condition of the Company.

Any notice or other communication sent by one party to the other party in connection with this Agreement ("Notice") shall be in writing (including facsimile, e-mail), and be delivered to the person to whom it is addressed at the mailing address or number set out in the Agreement.

8.2 Confidentiality

The parties agree that shall, and shall cause their respective directors, employees, agents and advisors to, treat the transactions contemplated by the Transaction Agreement, all information provided with any party in connection with the transactions contemplated by the Transaction Agreement, and the trade secrets of the parties and all other relevant business information provided by the Company (collectively, "Confidential Information") as Confidential Information, and shall be kept confidential and not be disclosed to any subject. The foregoing shall not apply to: (a) disclosures required by laws, governmental departments or the stock exchanges (where, within a reasonable time prior to such disclosure, the relevant party shall consult with the party providing the Confidential Information and make its best efforts to keep confidential of the information disclosed); (b) any information which at the time of disclosure has become publicly available and is not disclosed as a result of a breach of this Agreement by any party; (c) information of which a Party has knowledge prior to disclosure by the Disclosing Party and which is not subject to any obligation of confidentiality; (d) information obtained by a Party from a bona fide third party not subject to an obligation of confidentiality; and (e) disclosure to any subject or potential acquirer of any loan or equity financing to the Parties. For the avoidance of doubt, a party may disclose the foregoing confidential information to its affiliates and their respective directors, employees, agents and advisors for the purposes

of completing the Transaction as proposed in the Transaction Agreement, provided that such party shall ensure that such directors, employees and advisors are aware of and subject to the same obligations of confidentiality.

8.3 Commitment for the use of funds

The Company is committed to using the investment funds from the investors in this round in accordance with the budget plan approved by the Board of Directors of the Company.

8.4 Further actions

Each of the parties shall use all reasonable efforts and execute and deliver all documents and other instruments necessary to perform the covenants of this Agreement and to achieve the Transaction contemplated hereby.

8.5 Commitments of the Company and Founding Shareholders

- (1) The Company shall, after the signing of this Agreement, comply with the relevant applicable laws and enter into employment contracts for all its employees on record and pay all relevant fees such as social insurance contributions and housing fund which it shall pay as an employer for all its employees; the Company shall, after the signing of this Agreement, comply with the relevant applicable laws and withhold and pay in full the personal income tax for all its employees on record and pay other taxes payable by the Company in accordance with the law.
- (2) Except for acts performed on the basis of this Agreement or with the written consent of the Shareholders' Meeting/Board of Directors, the Company undertakes at all times to:
 - a) Operate in a normal manner and continue to maintain its normal business relationship with its customers, so as to ensure that the goodwill and operations of the Company are not materially and adversely affected after the date of this Agreement.
 - b) All business of the Company shall be subject to formal written contracts and

no business remuneration shall be transferred to the personal accounts of the shareholders of the Company.

- c) Timely performance of contracts, agreements or other documents entered into in relation to the assets and operations of the Company.
- d) Ensure that the Company continues to operate legally and obtains and maintains all governmental approvals and other permits and consents necessary for its operations.

(3) Non-competition commitments by Founding Shareholders

In respect of the principal business carried on by the Company, a Founding Shareholder shall not, during the period in which he holds, directly or indirectly, any shareholding in the Company, during his employment with the Company and for a period of two (2) years after his ceasing to hold office, directly or indirectly:

- a) Be employed by a competitor of the Company (including, but not limited to, as a director or officer of a competitor).
 - b) Make any form of investment in a competitor of the Company (including but not limited to, becoming an owner, shareholder, beneficial owner or otherwise interested in such competitor) or form or incorporate any company or other business organisations that compete with the Company.
 - c) Recruit employees from the Company or solicit employees to leave the Company and join any company or other business organisations with which the Company competes.
 - d) Provide any form of advice or opinion to a competitor in relation to its main business.
 - e) Enter into any agreement, make any commitment or any other arrangement if such agreement, commitment or arrangement would restrict or impair the Company's ability to carry on its principal business; or
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- f) Solicit business from, or instigate current customers, agents, suppliers and/or independent contractors of the Company etc., for the benefit of the Company's competitors or for its own benefit and that of its related parties, or cause current customers, agents, suppliers and/or independent contractors of the Company to terminate their cooperation with the Company.

Article 9 Termination of Agreement

9.1 Termination

This Agreement may be terminated under any of the following cases:

- (1) Upon completion of performance of all rights and obligations under this Agreement;
- (2) With the written consent of the parties.
- (3) The other parties shall have the right to terminate this Agreement unilaterally in accordance with Article 7 due to a breach of this Agreement by either party.
- (4) If any of the investors in this round fails to pay the corresponding investment funds in accordance with Article 3.1 of this Agreement or fails to complete the registration of the change of the transfer of equity of Beijing Dianqier, and if the delay exceeds fifteen (15) days, the Company shall have the right to unilaterally terminate all the agreements with such investors in this round under this Agreement and adjust the equity of each party accordingly, unless otherwise agreed by the parties. In such event, the parties shall take all actions to complete such adjustment, including but not limited to, a capital reduction by the Company or the transfer of corresponding equity by such investors in this round to other shareholders of the Company for no compensation, and the completion of corresponding business registration changes. For the avoidance of doubt, if Yuanke Yihao fails to make full payment of its investment in accordance with this Agreement, the Company shall have the right to unilaterally terminate all of its agreements with Yuanke Yihao and Duoke Information under this Agreement and terminate the *Equity Transfer*

Agreement signed between the Company and Duoke Information.

9.2 Continuation of some provisions

If this Agreement is terminated pursuant to Article 9.1, the covenants in Articles 5, 7, 8.2 and 9 of this Agreement shall survive termination, and nothing in this Agreement shall relieve either party from liability for breach of this Agreement prior to termination.

Article 10 Application of Laws and Dispute Resolution

10.1 Application of the laws

The conclusion, validity, interpretation, performance and settlement of disputes of this Agreement shall be governed by and construed in accordance with the laws of China. However, if the published Chinese laws and regulations do not provide for specific matters in relation to this Agreement, reference shall be made to general international commercial practice to the extent permitted by Chinese laws and regulations.

10.2 Dispute resolution

All disputes arising out of or in connection with the execution of this Agreement shall be settled by the parties through friendly negotiations. If any dispute cannot be settled by negotiation within 15 days of its occurrence, either party shall be entitled to submit such dispute for arbitration by the Hangzhou Arbitration Commission in accordance with the arbitration procedures and rules then in force of the Commission and the place of arbitration shall be Hangzhou. The language of the arbitration shall be Chinese. The arbitral award shall be final and binding on the parties. During the arbitration period, the parties shall continue to have their other rights under this Agreement and shall continue to perform their respective obligations under this Agreement.

Article 11 General Provisions

11.1 Effectiveness of this Agreement

This Agreement shall come into effect when it has been signed by the legal

representatives of the parties or their authorised representatives and sealed with the company seal.

11.2 Fees, expenses and taxes

The parties shall each bear their own costs and expenses (including, without limitation, taxes, legal counsel fees, financial advisory fees, etc.) in connection with this Agreement, other transaction agreements or the Transaction as proposed herein or in other transaction agreements.

11.3 Announcements and disclosures

Neither party hereto shall, and shall not cause others to, issue press releases or make announcements in connection with this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of other parties. The parties shall cooperate and agree on the timing and content of any such press releases or announcements.

11.4 Force majeure

- (1) Force majeure for the purposes of this Agreement means all events which are unforeseeable, uncontrollable and unavoidable such as earthquakes, storms, severe floods or other natural disasters, pestilences, wars, riots, hostilities, public disorders, acts of public enemies, prohibitions by government or public authorities.
- (2) In the case of a force majeure event causing either party or parties to be unable to perform any of their obligations under this Agreement, such obligations shall be suspended while the force majeure event exists and the performance period of the obligations shall automatically be extended for the period of suspension without penalty.
- (3) The party or parties experiencing force majeure shall provide the other parties with appropriate proof of the occurrence and duration of the force majeure within ten days of its occurrence and shall make its best efforts to terminate the force majeure event or reduce its effects.

(4) In the case of a Force Majeure event, the parties shall consult immediately to find an equitable solution and shall make all reasonable efforts to mitigate the effects of the force majeure.

11.5 Entire agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, contracts, letters of intent, undertakings and communications, whether oral or written, between the parties, including but not limited to the Bridge Loan Agreement and the Restructuring Shareholders Agreement. Other matters not agreed herein may be supplemented by a separate supplemental agreement.

11.6 Amendments

Any amendment to this Agreement shall only become effective upon written agreement signed by the parties.

11.7 Severability

If any term or covenant of this Agreement is held to be invalid or unenforceable in whole or in part under any applicable law, (to the extent of such invalidity or unenforceability only) such term or provision shall be excluded from this Agreement and all other terms and covenants of this Agreement shall continue and effect in full force. In such event, the parties shall use their best endeavours to enforce the letter and spirit of this Agreement, and shall substitute valid and performable terms or covenants which are as nearly as possible consistent with the spirit and purpose of such invalid or unperformable terms or covenants.

11.8 Related parties

This Agreement shall be binding upon the parties and their respective successors, and the benefit of this Agreement shall extend to them.

11.9 Waiver

No delay or failure by any party hereto to exercise any of its powers, rights or remedies hereunder shall be deemed to be a waiver thereof by such party, and any separate or partial exercise of any such power, right or remedy shall not preclude any other exercise. No waiver by either party of any provision of this Agreement shall be deemed to be a waiver of any other provision of this Agreement, nor shall such waiver be deemed to be a waiver of such provision with respect to any other event or circumstance (whether it's a past, present or future occurrence). In addition, the remedies provided in this Agreement are available, and any remedy provided by laws shall not be precluded.

11.10 Assignment and succession

Neither party may assign its rights or obligations under this Agreement without the express written consent of the other parties. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

11.11 Original copy

The original of this Agreement is in sixteen (16) copies. One (1) copy of this Agreement shall be held jointly by the Company and the Founding Shareholders and the Employee Stock Ownership Platform, and one (1) copy shall be held by each shareholder of the investors. In the event of any inconsistency between this Agreement and the documents submitted for business registration, this Agreement shall prevail.

[Signature and stamp page starting on next page]

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Hangzhou Jialin Information Technology Co., Ltd.

(Official seal)

Signature of Legal Representative: _____

Founding Shareholder: Xiong Bin

Signature: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Zhejiang Free Trade Zone Plum Lide Venture Capital Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Jiaxing Yuanke Yihao Equity Investment Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Beijing Duoke Information Technology Co., Ltd.

(Official seal)

Signature of Legal Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Ningbo Free Trade Zone Yuke Investment Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Hangzhou New Potential Energy Equity Investment Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Qingdao Leton Industry Fusion Fund Investment Center (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Tianjin Ether Formula Enterprise Management Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Hangzhou Boson Equity Investment Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Nantong Maode Equity Investment Center (Limited Partnership)

(Official seal)

Signature of Authorised Signatory: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Guangzhou Black Hole Investment Co., Ltd.

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Beijing Yunfeng Xingnong Science and Technology Center (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Ningbo Plum Mingshi Investment Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Ningbo Meishan Bonded Port Area Plum Yangshi Investment Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

(There is no text on this page, and it is the signature page of *Series B Capital Increase Subscription and Shareholders' Agreement* of Hangzhou Jialin Information Technology Co., Ltd.)

IN WITNESS WHEREOF, the parties have formally signed this Agreement on the date set out in the first page herein.

Chongqing Skysaga Boyuan Equity Investment Fund Partnership (Limited Partnership)

(Official seal)

Signature of Authorised Representative: _____

Annex I: List of Core Team Members

Serial number	Name	Position	ID number / Passport number
1	Xiong Bin	Chairman	[* * *]
2	Hu Changqing	COO	[* * *]
3	Li Pengfei	Head of Finance	[* * *]
4	Fan Chunhui	Purchasing Director	[* * *]
5	Chen Hao	Sales Director	[* * *]
6	Chen Huangwei	Logistics Director	[* * *]

Annex II: Equity Levels of Investors' Shareholders and Capital Increase Costs

Name of shareholders	Shareholding level	Cost of capital increase (RMB 0,000)
Plum Mingshi	Angel Round Equity	500
Black Hole Investment	Series Pre-A Equity	800
Chongqing Skysaga	Series A Equity	786
Plum Yangshi	Series A Equity	100.8
Nantong Maode	Series A+ Equity	250
Ether Formula	Series A+ Equity	600
Hangzhou Boson	Series A+ Equity	500
Qingdao Leton	Series A+ Equity	562.14
Ningbo Yuke	Series A+ Equity	1,000
Hangzhou New Potential Energy	Series A+ Equity	100
Yuanke Yihao	Series A+ Equity	50 (only in respect of the equity in the Company acquired by them through conversion of borrowings into investment funds)
Plum Lide	Series B Equity	3,000
Yuanke Yihao	Series B Equity	1,000
Duke Information	Series B Equity	4,000 (corresponding to 100% of equity in Beijing Dianqier Creative Interactive Media Culture Co., Ltd., and the value of such equity is deemed to be RMB40 million)

5.9 Company's debts and guarantees

In accordance with the *Loan Agreement* entered into by the Company with Jiujiang Puhu New Town Investment and Construction Co., Ltd. ("Jiujiang Puhu"), Jiangxi Yuelin Technology Co., Ltd. ("Jiangxi Yuelin") and Xiong Bin on 2 March 2021, Jiujiang Puhu provided Jiangxi Yuelin with a loan of RMB10 million (the "Loan") from 2 March 2021 to 1 March 2022 for the daily operation and other needs of Jiangxi Yuelin, and Xiong Bin pledged his 43.03% equity in the Company (corresponding to the registered capital of RMB4,250,802) to Jiujiang Puhu as a guarantee and pursuant to the *Pledge Contract* signed between the Company and Jiujiang Puhu, the Company pledged 100% of its equity in Jiangxi Yuelin (with a registered capital of RMB20 million) to Jiujiang Puhu to guarantee the above Loan.

Equity Transfer Agreement

This Equity Transfer Agreement (hereinafter referred to as the "Agreement") is entered into by and between the following two Parties in Hangzhou, Zhejiang Province on ____
____, 2022:

Party A: Beijing Duoke Information Technology Co., Ltd.

Legal representative: Feng Dagang

Address: 5-6/F, Building A1, Junhao Central Park Plaza, No. 10, Chaoyang Park South Road, Chaoyang District, Beijing

Contact:

Phone:

E-mail:

Party B: Hangzhou Jialin Information Technology Co., Ltd.

Legal representative: Xiong Bin

Address: Room 1315, Building 2, Yuzhicheng Estate, Nanyuan Street, Yuhang District, Hangzhou, Zhejiang Province

Contact:

Phone:

E-mail:

Whereas,

1. Beijing Dianqier Creative Interactive Media Culture Co., Ltd. (hereinafter referred to as "Beijing Dianqier" or "Target Company") is a limited liability company validly incorporated and legally existing under the laws of China, with the unified social credit identifier of 91110108MA00H3YM40, the registered address of Room 604-3, 6/F, Building 1, Courtyard 10, Chaoyang Park South Road, Chaoyang District, Beijing, and the registered capital of RMB71 million.

2. Party A is a limited liability company validly incorporated and legally existing under the laws of China, with the unified social credit identifier of 91110108MA00AH286Q and the registered address of Suit 3003, 3/F, No. 39 West Street, Haidian District, Beijing. Party A is the shareholder of Beijing Dianqier, directly holding 100% of the equity of Beijing Dianqier.

3. Party B is a limited liability company validly incorporated and legally existing under the laws of China, with the unified social credit identifier of 91330110MA2J03B65G, the

registered address at Room 1315, Building 2, Yuzhicheng Estate, Nanyuan Street, Yuhang District, Hangzhou, Zhejiang Province, and the registered capital of RMB9,878,592

4. Party A and Party B together with other related parties have signed the “Capital Increase Subscription and Shareholders’ Agreement” (“Investment Agreement”) on ____, 2022, stipulating that Party A will acquire 7.273% of Party B’s equity by capital contribution with its equity in the Target Company, which is corresponding to RMB842,377 of Party B’s registered capital (hereinafter referred to as “Transaction of Party B’s Capital Increase”).

5. On the premise that the delivery conditions specified in the Transaction of Party B’s Capital Increase are all satisfied, Party A voluntarily transfers 100% equity of Beijing Dianqier to Party B according to the conditions and methods specified in this Agreement.

NOW THEREFORE, through friendly negotiation, Party A and Party B have reached a consensus on the above-mentioned equity transfer in accordance with the *Civil Code of the People’s Republic of China*, the *Company Law of the People’s Republic of China* and other relevant laws, regulations and normative documents, and have entered into this Agreement for the purpose of clarifying the rights and obligations of both Parties, which shall be binding upon both Parties.

I. Definitions

Unless the context otherwise requires, the following terms used in this Agreement shall have the following meanings:

1. “China” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region;
2. “Party” or “either Party” means either Party A or Party B;
3. “Parties” means Party A and Party B collectively;
4. “Target Company” means Beijing Dianqier Creative Interactive Media Culture Co., Ltd. (“Beijing Dianqier”);
5. “Target Equity” means 100% equity of Beijing Dianqier that Party A intends to transfer to Party B;
6. “Equity Transfer” means that Party A transfers the Target Equity to Party B in accordance with the terms of this Agreement.
7. “Business Day” means any day other than Saturday, Sunday and statutory holidays;
8. “Delivery Date” means the date on which the business change registration of the Target Equity transfer under this Agreement is completed;

9. "Effective Date" means the date on which the conditions set forth in Clause XI of this Agreement are fully satisfied;
10. "Taxes and Fees" means any and all applicable taxes (including but not limited to income tax, deed tax, stamp duty, business tax), fees and expenses (including but not limited to fees, expenses and actual costs for engaging any lawyer and/or accountant) levied by China's tax authorities, industrial and commercial administrative departments, or governmental finance departments in accordance with relevant laws and regulations, or paid by the obligor to such organs.

II. Equity Transfer

1. Shareholding structure of the Target Company before the Equity Transfer

As of the date when this Agreement is signed, the registered capital of the Target Company is RMB71 million, and the shareholders and equity structure of the Target Company are as follows:

Serial No.	Name of shareholder	Subscribed capital (RMB ten thousand yuan)	Shareholding proportion
1	Beijing Duoke Information Technology Co., Ltd.	7,100	100%

2. Target Equity transfer

In accordance with the terms and conditions of this Agreement, Party A agrees to transfer the Target Equity and all the rights, powers and interests corresponding to the Target Equity (including ownership, profit sharing rights, director nomination rights, asset allocation rights, and voting rights in the Target Equity, and all rights, powers and interests that the shareholders shall enjoy in accordance with the Articles of Association of Beijing Dianqier and China's laws and regulations) to Party B, and Party B agrees to accept the Target Equity.

3. Shareholding structure of the Target Company after the Equity Transfer

The shareholders and shareholding structure of the Target Company after the Equity Transfer are as follows

Serial No.	Name of shareholder	Subscribed capital (RMB ten thousand yuan)	Shareholding proportion (%)
1	Hangzhou Jialin Information Technology Co., Ltd.	7,100	100%

III. Consideration for the Equity Transfer

The consideration for the Equity Transfer is the additional registered capital of RMB842,377 which is issued by Party B to Party A in the capital increase transaction, corresponding to 7.273% of Party B's equity after the Transaction of Party B's Capital

Increase. Both Parties acknowledge and confirm that Party B purchases 100% equity of the Target Company from Party A with the aforementioned additional registered capital as the consideration, and Party B does not need to pay any additional price for the Equity Transfer.

IV. Delivery of the Target Equity and Transfer of Rights and Obligations

1. Prerequisites for the delivery of the Target Equity

- (1) The Parties hereto have signed this Agreement in writing and completed all documentations of industrial and commercial administrative departments required for this Equity Transfer and the changes of directors, supervisors, managers and legal representative.
- (2) The Target Company has convened a shareholders' meeting and made a resolution to agree to the Equity Transfer and other change matters, agree to sign the articles of association or amendments to the articles of association including the shareholding structure after the Equity Transfer, and agree that the rights and interests enjoyed by Party A under applicable laws, the articles of association, and all other contracts and documents signed with the Target Company and other shareholders of the Target Company shall be inherited by Party B.
- (3) Party B has obtained all internal approvals and external authorizations for the signing and performance of this Agreement. Party B's signing of this Agreement and the acceptance of 100% equity of the Target Company does not violate the stipulations in any prior document entered into by Party B.
- (4) Party A and Party B have signed the Investment Agreement and other transaction documents related to the Transaction of Party B's Capital Increase in which Party A makes capital contribution to Party B with all the equity of the Target Company based on the satisfaction of Party A, and the delivery conditions specified in the relevant transaction documents have been satisfied.
- (5) Party B confirms that other related parties have completed the payment of all the investment funds specified in the Investment Agreement in cash in accordance with the order specified in Article 3.1 of the Investment Agreement.

2. Delivery of the Target Equity

The Target Equity shall be delivered on the Delivery Date. Both Parties shall do their best to complete the delivery of the Target Equity within ten business days from the date when the prerequisites for the delivery of the Target Equity specified in this Agreement are satisfied.

3. Transfer of rights and obligations

- (1) The rights and obligations of the Target Equity shall be transferred from the Delivery Date.

- (2) The rights and obligations, benefits, existing risks and responsibilities of the Target Equity and the Target Company before the Delivery Date shall be enjoyed and undertaken by Party A; unless otherwise expressly specified in this Agreement, since the Delivery Date, the rights and obligations, benefits, new risks and responsibilities of the Target Equity and the Target Company shall be enjoyed and undertaken by Party A.
- (3) Party A undertakes that, any loss (including but not limited to any compensation, repayment of any debt, payment of any Taxes or Fees, or payment of any other monies) which has actually incurred, is currently suffered or will potentially incur for the Target Company before the Delivery Date, in connection with any debt, dispute or lawsuit, third-party claim, government penalty or other liabilities, or arising from any debt before the Delivery Date or other above-mentioned liabilities shall be borne by Party A; the newly incurred debts or liabilities after the Delivery Date shall be borne by Party B.
- (4) If the Target Company or Party B receives any income generated before the Delivery Date, including but not limited to compensation, reimbursement, and expenses received due to pending litigation before the Delivery Date, Party B shall ensure that the Target Company will pay the relevant income to Party A.

V. Rights and Obligations of Both Parties

1. Party A is the actual holder of the Target Equity and has the right to sign this Agreement to dispose of the Target Equity.
2. Party B shall obtain the approval or consent of the internal organization necessary to complete the Target Equity transfer under this Agreement in accordance with applicable laws and binding contracts or agreements.
3. Both Parties shall promptly provide relevant documents and materials that shall be prepared by them, and provide all necessary assistance for the completion of the Target Equity transfer.
4. Both Parties shall urge the Target Company to handle the delivery of the Target Equity in a timely manner in accordance with the provisions of this Agreement.
5. If both Parties reach a consensus on handling the issues related to the liabilities and assets of the Target Company before the Delivery Date, including but not limited to financial, business and personnel-related settlement, disposal or divestiture, Party A shall take all necessary measures to cooperate with Party B to complete such settlement, disposal or divestiture within a reasonable time. Party A shall bear the relevant costs or losses, but such settlement, disposal or divestiture shall not affect the delivery progress.

VI. Party A's Commitments, Representations and Warranties

1. Party A is legally incorporated and validly existing under the laws of China.

2. Party A has the legal rights and has obtained all necessary authorizations and approvals to enter into and perform this Agreement.
3. Party A has the complete and effective right to dispose of the Target Equity and can legally transfer it to Party B.
4. All information and documents provided by Party A to Party B are complete, true, accurate and valid, without any false record.
5. Other than the matters disclosed by Party A, Party A undertakes that the Target Company is not subject to any external debts or guarantees before the Delivery Date.
6. Party A has not signed and will not sign any contract, agreement or other documents containing the provisions prohibiting or restricting the Equity Transfer.
7. Before the Delivery Date, Party A has the legal and valid right to operate the Target Company, and has legal and valid ownership or similar rights and interests in all the assets of the Target Company; other than the matters disclosed by Party A, the assets and business of the Target Company is not subject to any pledge, lien, mortgage, guarantee or other rights of any nature or claims of any third party; there are no third party authorizations or licenses related to the assets and business of the Target Company.
8. Party A confirms that the ownership of all the equity and assets of the Target Company is clear, and there is no legal obstacle to the transfer or registration of transfer of the Target Equity; other than the matters disclosed by Party A, there is no major legal defect in the Target Equity held by Party A before the Delivery Date and the assets and business of the Target Company.
9. Other than the matters disclosed by Party A, the assets and business of the Target Company before the Delivery Date are not involved in any ownership dispute, have no any case of seizures or detentions and have no any dispute, lawsuit, arbitration, dispute settlement proceeding or administrative decision or any other form of administrative or judicial enforcement on the assets and business of the Target Company imposed by any court, arbitration institution or government agency; and there are no any facts and/or circumstances of potential litigation, arbitration, dispute settlement proceedings or other legal proceedings that would materially affect the Target Company's assets and business.
10. Party A undertakes and guarantees to complete all paid-in capital contributions to the registered capital of Target Company before the Delivery Date.

VII. Party B's Commitments, Representations and Warranties

1. Party B is legally incorporated and validly existing under the laws of China.
2. Party B has the legal rights and has obtained all necessary authorizations and approvals to enter into and perform this Agreement.
3. Party B will complete the delivery of the Transaction of Party B's Capital Increase in accordance with the Investment Agreement and other transaction documents related

to the Transaction of Party B's Capital Increase, so that Party A will obtain 7.273% of Party B's equity (corresponding to RMB842,377 of Party B's registered capital).

VIII. Force Majeure

1. "Force Majeure" means objective circumstances that are uncontrollable by both Parties hereto, unforeseeable, unavoidable or insurmountable, making one Party hereto partially or completely unable to perform this Agreement, including but not limited to earthquakes, typhoons, floods, fires and wars etc.
2. In the event of force majeure, the affected Party shall take all necessary remedial measures to reduce the loss caused by the force majeure; otherwise the Party shall bear the corresponding responsibility for the enlarged loss.
3. In the event that this Agreement cannot be performed or cannot be fully performed due to the force majeure, the affected Party shall immediately notify the other Party of the force majeure, and within five Business Days, provide details of the force majeure and valid proof that it cannot perform all or part of this Agreement or needs to extend the performance due to the force majeure. According to the impact of force majeure on the performance of this Agreement, both Parties shall negotiate to decide to exempt all or part of the responsibility for the performance of this Agreement.

IX. Liability for Breach of Contract

1. If either Party fails to perform or cannot fully perform the obligations specified in this Agreement, it shall be liable for compensating for the losses caused to the other Party.

X. Governing Laws and Dispute Settlement

1. The formulation, validity, interpretation, performance, revision and termination of this Agreement shall be governed by China's laws.
2. Any dispute arising from or in connection with this Agreement shall be settled through friendly negotiation by both Parties. If the dispute cannot be resolved, either Party may submit the dispute to the Hangzhou Arbitration Commission for arbitration.

XI. Effective Date

This Agreement shall take effect from the date when it is validly signed by both Parties or their authorized representatives and Jiaying Yuanke Yihao Equity Investment Partnership (Limited Partnership) completes the payment of all investment funds in accordance with the Investment Agreement. If Jiaying Yuanke Yihao Equity Investment Partnership (Limited Partnership) fails to complete the payment of all investment funds in accordance with the Investment Agreement, this Agreement shall not take legal effect from the beginning, either Party hereto has the right to issue a written notice to the other Party to terminate this Agreement, and this Agreement shall be terminated from the date on which the written notice is served on the other Party.

XII. Miscellaneous

1. Taxes and Fees

All Taxes and Fees arising from the signing and performance of this Agreement shall be handled in accordance with the provisions of laws and regulations; if there are no relevant provisions, they shall be handled on the principle that each Party shall bear its own Taxes and Fees hereunder.

2. Severability

If any clause of this Agreement is invalid or cannot be performed due to the provisions of laws and regulations, or is deemed invalid by a court or any authority having jurisdiction over this Agreement, it shall be deemed that only such clause is invalid, and the remaining clauses shall still be valid and be binding upon both Parties.

3. Transferability

Neither Party may assign this Agreement in part or in whole without the prior written consent of the other Party.

4. Entire agreement

After the signing of this Agreement, the Parties hereto shall enter into a supplementary agreement for the matters that are not covered in the Agreement. The supplementary agreement shall be an integral part of this Agreement and has the same legal effect as this Agreement. If the supplementary agreement is inconsistent with this Agreement, the supplementary agreement shall prevail. If there are multiple supplementary agreements, the supplementary agreement signed at the latest date shall prevail.

5. Headings

The headings in this Agreement are for convenience of reference only and shall not affect in any way the interpretation of this Agreement

6. Copies

This Agreement shall be made in four copies. Party A and Party B shall each hold one copy, the Target Company shall keep one copy, and the rest shall be submitted to the relevant government departments for registration. All copies shall have the same legal effect. In the event of any inconsistency between the stipulations in this Agreement and the stipulations in the documents submitted to the government department for registration, the stipulations in this Agreement shall prevail for matters hereunder between Party A and Party B

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(This page is the signature page for the Equity Transfer Agreement)

Party A: Beijing Duoke Information Technology Co., Ltd.

Seal:

Party B: Hangzhou Jialin Information Technology Co., Ltd.

Seal:

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Dagang Feng, certify that:

1. I have reviewed this annual report on Form 20-F of 36Kr Holdings Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 25, 2022

By: /s/ Dagang Feng
Name: Dagang Feng
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lin Wei, certify that:

1. I have reviewed this annual report on Form 20-F of 36Kr Holdings Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 25, 2022

By: /s/ Lin Wei

Name: Lin Wei

Title: Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of 36Kr Holdings Inc. (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dagang Feng, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2022

By: /s/ Dagang Feng
Name: Dagang Feng
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of 36Kr Holdings Inc. (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lin Wei, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2022

By: /s/ Lin Wei
Name: Lin Wei
Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 (File No. 333-235747) of 36Kr Holdings Inc. of our report dated April 25, 2022 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP

Beijing, the People's Republic of China

April 25, 2022
