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Application Proof of

PPLabs Technology Limited

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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PPLabs Technology Limited

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**[REDACTED] Shares (subject to [REDACTED])**
Number of [REDACTED]	**[REDACTED] Shares (subject to [REDACTED])**
Maximum [REDACTED]	**HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**US$0.00001 per Share**
Stock code	**[●]**

***Joint Sponsors,* [REDACTED] *and* [REDACTED]**
(in alphabetical order)

ICBC 工银国际

申萬宏源香港 SWHYHK

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Applicants for [**REDACTED**] may be required to pay, on application (subject to application channels), the maximum [**REDACTED**] of HK$[**REDACTED**] for each [**REDACTED**] together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [**REDACTED**] as finally determined is less than HK$[**REDACTED**] per [**REDACTED**].

The obligations of the [**REDACTED**] under the [**REDACTED**] to subscribe for, and to procure applicants for the subscription for, the [**REDACTED**] are subject to termination by the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) if certain grounds arise prior to 8:00 a.m. on the day that [**REDACTED**] in the Shares commences on the Stock Exchange. Such grounds are set out in "[**REDACTED**]— [**REDACTED**]—[**REDACTED**]—[**REDACTED**]—Grounds for Termination" in this document.

The [**REDACTED**] have not been, and will not be, registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The [**REDACTED**] may be offered and sold outside the United States in offshore transactions in reliance on Regulation S. There has been and will be no [**REDACTED**] of the Shares in the United States.

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the* [REDACTED]. *There are risks associated with any* [REDACTED]. *Some of the particular risks in investing in the* [REDACTED] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to invest in the* [REDACTED]. *Your* [REDACTED] *decision should be made in light of these considerations.

OUR MISSION

Integrate global computing resources to serve computing needs anywhere.

OUR VISION

To become a leading global distributed cloud computing platform, empowering the next intelligent era.

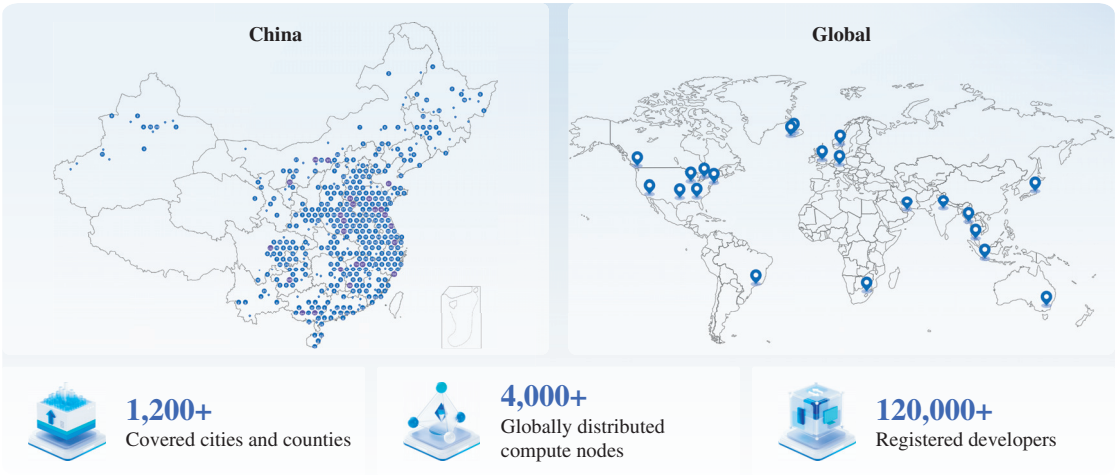
OVERVIEW

We are a leading independent distributed cloud computing service provider in China. According to CIC, we operate the largest computing power network in China in terms of the number of compute nodes as of December 31, 2024, and rank first among independent edge cloud computing services providers in China in terms of revenue in 2024.

Our business began in the area of edge cloud computing services, as we identified significant mismatches between massive demand for and scattered, often underutilized supply of computing power. We established a computing power scheduling platform to aggregate and manage idle computing power from heterogeneous sources and deploy it in an optimal fashion to customers to accelerate content delivery and enhance low-latency computing experience. In 2023, we strategically commenced AI cloud computing services, as the rapid growth of large-scale AI models spurred a surge in demand for GPU computing power as well as AI inference capabilities. Leveraging our global computing power network and underlying technical capabilities (such as distributed cloud computing and AI inference acceleration), we integrate computing resources globally and provide comprehensive solutions from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers.

As of December 31, 2024, our computing power network covered more than 1,200 cities and counties globally with over 4,000 compute nodes. As of the same date, our AI cloud computing services had over 120,000 registered developers throughout the world. In May 2025, our average daily token consumption reached 141.9 billion, ranking us among the top two independent AI cloud computing service providers in China, according to CIC.

Our Computing Power Network(1)



Note:

(1) As of December 31, 2024.

We have gained wide industry recognition for our technological strength and service capabilities. We provide edge cloud computing services and AI cloud computing services to many leading Chinese and international technology companies (including a majority of the top 10 Chinese major internet companies, according to CIC), cloud computing companies and "unicorn" startups.

During the Track Record Period, our revenue grew rapidly from RMB286.1 million in 2022 to RMB358.4 million in 2023 and further to RMB558.0 million in 2024, representing a CAGR of 39.7% from 2022 to 2024.

Our Market Opportunity

The rapid advancement of AI has created enormous demand for computing power. Despite increased supply, computing power globally is still used inefficiently with an average utilization rate between 50% and 70%, due to the heterogeneous nature, widespread geographic distribution and temporal misalignment of resources.

Traditionally, cloud computing service providers rely on self-owned or leased internet data centers (IDCs) or AI data centers (AIDCs) as their primary source of computing power, but such heavy-asset business models have limitations. First, building an IDC or AIDC generally requires extensive, years-long planning and significant capital investment. This prolonged construction process and massive investment cost hinder cloud computing service providers from swiftly adapting to market demand fluctuations, leading to a distinct mismatch between supply and demand. Also, there is discrepancy between the optimal locations for computing power supply and the actual demand. Many computing tasks originate from densely populated areas, where energy and construction costs tend to be high. At the same time, regions with lower energy prices, abundant green energy and good cooling conditions (such as western China and high-altitude, high-latitude mountainous areas) often lack sufficient demand, leading to underutilization of local computing resources. These limitations underscore the pressing need for innovative approaches that ensure computing resources are utilized efficiently and keep pace with the accelerating demands of AI advancements while promoting sustainable development.

Distributed cloud computing platform, with its flexible resource allocation and asset-light operating model, can effectively address the constraints of the traditional approach. Distributed cloud computing service providers consolidate idle computing power resources and efficiently allocate such resources to nearby end users through scheduling algorithms. This approach can balance peak and off-peak demand within regional computing resources, enhancing the overall resource utilization. As a result, distributed cloud computing has experienced explosive growth in recent years. According to CIC, the global edge cloud computing services market amounted to RMB185.1 billion in 2024; the Chinese edge cloud computing services market reached RMB13.2 billion in 2024, and is expected to approach RMB37.0 billion in 2029; the global AI cloud computing services market reached RMB31.5 billion in 2024, and is expected to approach RMB427.7 billion in 2029, representing a CAGR of 68.5% between 2024 and 2029.

The development of AI and the introduction of large-scale AI models are revolutionizing everyday life and work scenarios. While vast amounts of computing power have been utilized by AI developers to train their models to ever higher degrees of capability and sophistication, increasing resources are now devoted to AI "inference," the process of using trained AI models to generate insights in application scenarios. We believe that, in the long run, AI inference will replace AI training as the primary driver for the growth of demand for computing power, because AI inference applications will likely seep into the finest fabric of people's life and work scenarios and result in computing power needs on an unimaginable scale. For the same reason, we believe there will be tremendous demand for highly elastic and cost-effective AI inference solutions among enterprise users and individual developers. According to CIC, we are among the earliest players in the Chinese distributed cloud computing market to offer AI cloud computing services.

Our Products and Services

We have built a computing power scheduling platform based on distributed computing technology, aiming to address the structural mismatch in the supply and demand of global computing resources. Our computing power network consolidates fragmented, idle computing resources worldwide, achieving efficient supply and demand matching through our scheduling algorithms. Leveraging our longstanding expertise in distributed computing technology, we integrate spatially fragmented heterogeneous computing power into standardized full-stack products and solutions, from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers.

Our services include edge cloud computing services and AI cloud computing services:

- *Edge cloud computing services*. Our edge cloud computing services integrate dispersed and heterogeneous computing resources from third-party providers to meet our customers' needs for edge computing and transmission. Instead of transmitting data to a centralized cloud data center, our edge cloud computing services allow the computation to be processed at the "edge" of the internet, near where the data are generated and used. This capability is essential for customers who

process huge volumes of data at high speed in real time (for example, audiovisual content providers), where low latency is critical for good user experience. Specifically, we provide the following services:

- *Edge node services*. Leveraging our widely distributed network of edge compute nodes, edge node services relocate computing power from central nodes to edge nodes closer to users, aimed at supporting scenarios such as edge storage, audio and video processing, video transcoding and distribution. Specifically, our offerings include edge containers and edge bare metals. Edge containers are virtualized units deployed at the edge that allow applications to run efficiently at or near where data are generated, reducing latency and improving performance for real-time applications. Edge bare metals refer to physical, standalone servers deployed at the edge that provide dedicated hardware resources for computing.

- *Edge content delivery network (Edge CDN)*. Our edge CDN is built on an expansive network of edge nodes and draws on our expertise in intelligent scheduling, distributed caching and network transmission technologies. The primary application scenarios of our edge CDN include file download, patch upgrade, video-on-demand and live streaming. Unlike traditional CDNs, our edge CDN is more deeply integrated into local networks, placing servers closer to end users. This proximity improves transmission quality, providing users with smoother video playback and faster content delivery experiences.

• *AI cloud computing services*. Leveraging the distributed GPU computing resources integrated within our computing power network, we launched AI cloud computing services in 2023. As AI models continue to grow in scale and complexity, our comprehensive product portfolio addresses a wide range of demands in the field of AI inference. This includes providing elastic GPU computing resources required by large enterprises, as well as diverse model services tailored for small- and medium-sized enterprises (SMEs) and developers. Our services are designed to overcome the cost and technical barriers faced by clients worldwide in adopting new technologies. Specifically, we offer the following products with basic to advanced functions:

- *GPU cloud services*. Our GPU cloud services provide customers with access to powerful computing resources without the need to purchase physical GPUs or manage GPU servers. The architecture is highly elastic, automatically scaling in or out based on demand, and operates on a pay-as-you-go model, where customers are charged only for actual usage. Our services go beyond merely consolidating GPU resources. We deliver a robust, AI-native runtime environment specifically tailored for the unique needs of generative AI and machine learning workloads. Key features of our GPU cloud services include an optimized inference engine, pre-built templates for rapid deployment, demand-driven automated scaling and integrated observability. These features establish our GPU cloud services as a comprehensive platform for AI inference, offering efficiency, flexibility and reliability for developing and scaling AI applications.

- *Model API*. Our model APIs are gateways for our customers to access pre-built, ready-to-use models (which are mainly large language models (LLMs) and multimodal models) that cater to customers who lack the capability to build, train or manage highly complicated AI models themselves. We provide two types of services: first, our model APIs provide direct access to leading open-source models, allowing our customers to use such open-source models directly and conveniently; second, for customers who prefer to use their self-developed models, we host such models on our infrastructure. This allows our customers to retain control over their data and model behaviors, while benefiting from the scalability, efficiency and reliability of our infrastructure.

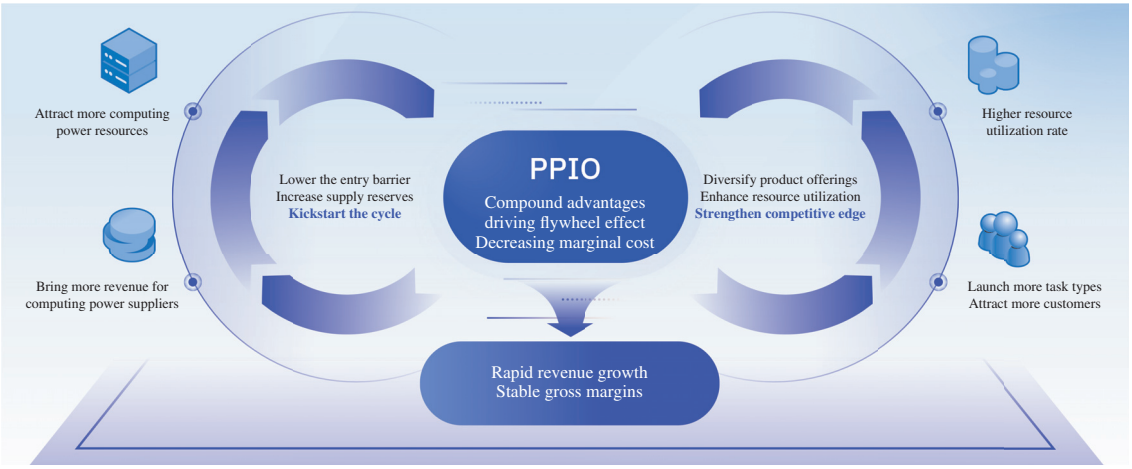
Our products and services can be used across a wide range of application scenarios, for example, AI applications, AI-driven research and education, general-purpose agents, digital avatars, real-time audiovisual processing, 3D modeling and embodied AI. In these scenarios, our solutions play vital roles, such as enabling natural language interaction and behavior generation for digital avatars, enhancing semantic understanding and contextual relevance in AI applications, AI-driven research, streamlining content creation for 3D modeling, and supporting multimodal reasoning in embodied AI systems. These capabilities allow customers to seamlessly integrate intelligent functionalities into their business workflows and improve user experiences.

Our Ecosystem

Based on our computing power scheduling platform and computing power network, we have established an ecosystem that effectively connects idle computing resources with computing demand. For suppliers of computing power, such as data centers, telecom operators and enterprises with excess servers, our platform addresses a persistent challenge in the industry: the high idle rate of computing resources. According to CIC, the average utilization rate of IDCs globally is only around 50% to 70%, and may be lower for other types of computing power suppliers, leaving significant capacity untapped. Our service is essential in unlocking this potential, enabling suppliers to monetize their idle resources and generate new revenue streams with minimal operational adjustments. For our customers, we provide cost-effective, low-latency and highly elastic cloud computing solutions tailored to meet a diverse range of needs. By using our platform, customers save on the substantial costs and complexities associated with building and maintaining their own data centers. In addition, elasticity of our services accommodates real-time resource adjustment in response to fluctuating demand, thereby enabling our customers to only pay for the actual usage of the computing power and optimizing resource utilization.

As an independent cloud computing service provider, we possess unique competitive advantages over non-independent providers, which are mainly operated by major internet companies. Even though larger in size, such services are constrained by inflexibility when integrating computing power outside their existing systems. In contrast, as an independent cloud computing service provider, our platform faces far fewer limitations when accessing external computing resources and serving clients globally, providing a more adaptable and flexible approach.

As our platform connects more customers and suppliers, suppliers can sell their computing power ever faster, while customers find it ever easier to access readily available computing resources. This dynamic interaction further enhances the vitality of our ecosystem. The diagram below illustrates our distributed cloud computing ecosystem:



OUR STRENGTHS

We believe that the following competitive strengths have played a key role in our success and differentiate us from our competitors:

- China's leading independent distributed cloud computing service provider, well positioned for the new intelligent era;
- Efficient and highly scalable business model that facilitates organic growth;
- Strong technological foundation and robust R&D capability;
- Vibrant ecosystem with flywheel effect;
- Commitment to environmental sustainability and social responsibility; and
- Visionary management team with extensive industry background.

See "Business—Competitive Strengths."

OUR STRATEGIES

We plan to implement the following strategies to further develop our business:

- Continuously enhance our portfolio of services and solutions;
- Expand our global footprint;
- Continue to enhance our technology capabilities;

- Develop and strengthen our ecosystem; and
- Explore strategic alliance, investment and acquisition opportunities.

See "Business—Our Strategies."

COMPETITION

The distributed cloud computing services industry in China and globally is competitive. We compete mainly on product functionality and scope, performance, service scalability and reliability, technical strengths, marketing and sales capabilities, user experience, pricing, brand awareness and reputation. In addition, emerging and enhanced technologies are likely to further intensify competition of our industry. For details, please refer to "Business—Competition," "Industry Overview—Competitive Landscape of China's Edge Cloud Computing Services" and "Industry Overview—Competitive Landscape of Chinese Independent AI Cloud Computing Service Providers."

OUR CUSTOMERS AND SUPPLIERS

We have a broad base of customers across various industries, including, among others, pan-entertainment, social media, e-commerce, education, automotive, telecommunications, information technology and intelligent manufacturing. As our product lines expand and our service areas extend, we continue to grow our customer base. While maintaining high-quality service for major customers, we also actively cultivate relationships with emerging customers to drive ongoing business growth. In 2022, 2023 and 2024, our revenue amounted to RMB286.1 million, RMB358.4 million and RMB558.0 million, respectively. Our revenue generated from our largest customer in 2022, 2023 and 2024 accounted for 38.2%, 44.1% and 35.2%, respectively, of our revenue during the same period. Our revenue generated from our five largest customers in 2022, 2023 and 2024 accounted for 86.1%, 92.5% and 89.5%, respectively, of our revenue during the same period. See "Risk Factors—Risks relating to our operations—The loss of, or a significant reduction in usage by, one or more of our major customers would result in lower revenue and could harm our business."

Our suppliers are primarily providers for computing power resources. Our transaction amounts with our largest supplier in 2022, 2023 and 2024 accounted for 3.5%, 4.0% and 6.0%, respectively, of our cost of sales during the same periods. Our transaction amounts with our five largest suppliers in 2022, 2023 and 2024 accounted for 10.7%, 15.2% and 20.3%, respectively, of our cost of sales.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares into Ordinary Shares on a one-to-one basis, the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options granted under the [**REDACTED**] Global Share Plan), Mr. Yao and Ms. Lyu through the Offshore Holding Companies, will be collectively entitled to exercise voting rights attached to the Shares representing approximately [**REDACTED**]% of the total issued share capital of our Company. Therefore, Mr. Yao, Ms. Lyu, the Offshore Holding Companies are considered as a group of Controlling Shareholders immediately following the completion of the [**REDACTED**]. For details, please refer to "Relationship with our Controlling Shareholders" in this document for details.

CONTINUING CONNECTED TRANSACTIONS

In order to conduct the Relevant Business in compliance with the applicable PRC laws and regulations, Shanghai DAO, our wholly-owned subsidiary, has entered into the Contractual Arrangements with PPIO Shanghai and the Registered Shareholders. Given that the Registered Shareholders, namely Ms. Lyu and Mr. Wang, are connected persons of our Company, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company after the [**REDACTED**]. For details, please refer to "Connected Transactions" in this document.

[**REDACTED**] INVESTMENTS

From 2021 to 2025, we have completed several rounds of [**REDACTED**] Investments, for which our Company issued series Angel Preferred Shares, series A Preferred Shares, series A-1 Preferred Shares, series A-2 Preferred Shares and series B Preferred Shares to the relevant [**REDACTED**] Investors. For details, please refer to "History, Development and Corporate Structure—[**REDACTED**] Investments" in this document.

RISK FACTORS

There are certain risks and uncertainties involved in investing in our Shares, some of which are beyond our control. These risks are set out in "Risk Factors" in this document. Some of the major risks we face include:

- To support our business growth, we are continuously optimizing and expanding our infrastructure and substantially investing in our research and development efforts, which may negatively impact our profitability and cash flow, and may not generate the results we expect to achieve;

- We may have insufficient computing resources, which could result in disruptions and our business, results of operations and financial condition could be adversely affected;

- If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing client needs, requirements and preferences, our products and services may become less competitive;

- If we do not compete effectively or are unable to maintain the pricing term for our products and services, our business, results of operations and financial condition could be harmed; and

- Our business depends on clients increasing their use of our products and services. If we fail to retain existing clients or increase the demand from our clients, our business, results of operations and financial condition could be materially and adversely affected.

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial statements for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements contained elsewhere in this document, including the related notes.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss, with line items in absolute amounts and as percentages of our revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)					
Revenue	286,074	100.0	358,385	100.0	558,037	100.0
Cost of sales	(239,914)	83.9	(294,868)	82.3	(489,190)	87.7
Gross profit	46,160	16.1	63,517	17.7	68,847	12.3
Other income and gains, net	7,432	2.6	9,231	2.6	7,475	1.3
Selling and marketing expenses	(18,476)	6.5	(20,178)	5.6	(25,836)	4.6
Administrative expenses	(24,871)	8.7	(25,333)	7.1	(31,273)	5.6
Research and development expenses	(41,366)	14.5	(67,783)	18.9	(86,346)	15.5
Other expenses	(9,035)	3.2	(2,901)	0.8	(2,973)	0.5
Finance costs	(674)	0.2	(882)	0.2	(1,656)	0.3
Fair value losses on convertible redeemable preferred shares	(44,137)	15.4	(145,048)	40.5	(221,750)	39.7
Loss before tax	(84,967)	29.7	(189,377)	52.8	(293,512)	52.6
Income tax expense	–	–	–	–	–	–
Loss for the year	(84,967)	29.7	(189,377)	52.8	(293,512)	52.6

Non-HKFRS Measure

To supplement our consolidated financial statements presented in accordance with HKFRS, we also use a non-HKFRS measure, namely adjusted net loss, as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net loss (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under HKFRS.

We define adjusted net loss (non-HKFRS measure) as loss for the year excluding the effects of fair value losses on convertible redeemable preferred shares and share-based payment expenses. Fair value losses on convertible redeemable preferred shares represent losses in the fair value of the convertible redeemable preferred shares issued by us to certain investors. The convertible redeemable preferred shares will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**] and we do not expect to recognize any further fair value losses on convertible redeemable preferred shares after the [**REDACTED**]. Share-based payment expenses are non-cash in nature and are employee related expenses arising from grant of share options under our share incentive scheme. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of our net loss to adjusted net loss (non-HKFRS measure) for the years indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Loss for the year	(84,967)	(189,377)	(293,512)
Adjusted for:			
Fair value losses on convertible redeemable preferred shares	(44,137)	(145,048)	(221,750)
Share-based payment expenses	(1,696)	(7,248)	(10,145)
Adjusted net loss (Non-HKFRS measure)	(39,134)	(37,081)	(61,617)

During the Track Record Period, we generated substantially all of our revenue from providing edge cloud computing services. The following table sets forth a breakdown of our revenue by service type for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Edge cloud computing services	286,074	100.0	358,120	99.9	547,650	98.1
– Edge node services	258,936	90.5	313,235	87.4	390,951	70.0
– Edge CDN	27,138	9.5	44,885	12.5	156,699	28.1
AI cloud computing services	–	–	265	0.1	10,387	1.9
Total	286,074	100.0	358,385	100.0	558,037	100.0

Our revenue increased by 55.7% from RMB358.4 million in 2023 to RMB558.0 million in 2024, primarily driven by an increase in revenue from our edge cloud computing services from RMB358.1 million in 2023 to RMB547.7 million in 2024. The growth in this service line resulted from enhanced resource allocation, as well as stronger demand from key customers, particularly for our edge CDN services. The revenue contribution from our edge CDN services increased from RMB44.9 million in 2023 to RMB156.7 million in 2024. Additionally, revenue from our AI cloud computing services increased significantly from RMB0.3 million in 2023 to RMB10.4 million in 2024. This growth reflects the service line's transition from its launch in the second half of 2023 to its early-stage development, marked by an expanding service offering and a growing customer base. The number of registered developers of our AI cloud computing services increased from 12,112 as of December 31, 2023 to 125,545 as of December 31, 2024.

Our revenue increased by 25.3% from RMB286.1 million in 2022 to RMB358.4 million in 2023, primarily driven by increase in revenue from our edge cloud computing services from RMB286.1 million in 2022 to RMB358.1 million in 2023. Such increase was primarily attributable to (i) increased demand from key customers for our edge cloud computing services due to our elevated market recognition; and (ii) expanded service offering of our edge CDN. The revenue contribution from our edge CDN services increased from RMB27.1 million in 2022 to RMB44.9 million in 2023.

The following table sets forth our gross profit and gross profit margin for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Gross profit						
Edge cloud computing services	46,160	16.1	63,759	17.8	78,722	14.4
AI cloud computing services	–	–	(242)	(91.3)	(9,875)	(95.1)
Total	46,160	16.1	63,517	17.7	68,847	12.3

We recorded a gross profit of RMB46.2 million, RMB63.5 million, RMB68.8 million in 2022, 2023 and 2024, respectively, with a gross profit margin of 16.1%, 17.7% and 12.3%, respectively. During the Track Record Period, our gross profit and gross profit margin was mainly affected by our edge cloud computing services. Our AI cloud computing services recorded gross loss during the Track Record Period, mainly because we were in the early stages of development for this service line and incurred set up costs relating to servers and other computing resources, while the related revenue was relatively limited as we were still in the process of expanding our service offerings and establishing market recognition, in preparation for future expansion.

For further details, see "Financial Information—Description of Major Components of Our Results of Operations."

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total non-current assets	29,205	35,418	42,545
Total current assets	314,678	323,042	362,652
Total assets	343,883	358,460	405,197
Total non-current liabilities	4,433	613	–
Total current liabilities	554,839	761,764	1,101,046
Total liabilities	559,272	762,377	1,101,046
Net current liabilities	240,161	438,722	738,394
Net liabilities	215,389	403,917	695,849

Our net current liabilities increased from RMB438.7 million as of December 31, 2023 to RMB738.4 million as of December 31, 2024, primarily due to (i) an increase in convertible redeemable preferred shares of RMB233.3 million due to changes in fair value of such shares, (ii) a decrease in financial assets of fair value through profit or loss of RMB73.7 million and (iii) an increase of trade and bills payables of RMB60.0 million in line with our business expansion, partially offset by (i) an increase of trade receivables of RMB59.3 million and (ii) an increase of RMB68.2 million in cash and cash equivalents.

Our net current liabilities increased from RMB240.2 million as of December 31, 2022 to RMB438.7 million as of December 31, 2023, primarily due to (i) an increase in convertible redeemable preferred shares of RMB154.9 million due to changes in fair value of such shares, (ii) a decrease in cash and cash equivalents of RMB63.3 million as we put more available cash to time deposits and other financing instruments and (iii) an increase of RMB42.5 million in interest-bearing bank borrowings, partially offset by (i) an increase in time deposits of RMB40.0 million and (ii) an increase of RMB24.7 million in prepayments, other receivables and other assets. As the convertible redeemable preferred shares will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**], such shares will be re-classified from liabilities to equity upon then, and we would achieve a net asset position.

For further details, see "Financial information—Discussion of Certain Key Consolidated Statements of Financial Position Items."

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Operating cash flows before movements in working capital	(20,083)	(26,193)	(40,339)
Changes in working capital	(24,983)	(9,249)	(961)
Cash used in operations	(45,066)	(35,442)	(41,300)
Net cash flows used in operating activities	(45,066)	(35,442)	(41,300)
Net cash flows generated from/(used in) investing activities	17,383	(66,428)	83,987
Net cash flows generated from financing activities	107,458	37,585	24,824
Net increase/(decrease) in cash and cash equivalents	79,775	(64,285)	67,511
Cash and cash equivalents at the beginning of the year	20,373	109,054	45,772
Effect of foreign exchange rate changes	8,906	1,003	704
Cash and cash equivalents at the end of the year	109,054	45,772	113,987

For further details, see "Financial Information—Liquidity and Capital Resources—Cash Flows."

Key Financial Ratios

The following table sets forth a summary of our key financial ratios for the years indicated.

	As of/Year ended December 31,		
	2022	2023	2024
Revenue growth rate[(1)]	N/A	25.3%	55.7%
Net loss margin[(2)]	29.7%	52.8%	52.6%
Adjusted net loss margin (non-HKFRS measure)[(3)]	13.7%	10.3%	11.0%
Current ratio[(4)]	0.6	0.4	0.3
Adjusted current ratio (non-HKFRS measure)[(5)]	6.7	3.3	1.8

Notes:

(1) Represents the difference between the revenue for the year indicated and the revenue for the prior year, divided by the revenue for the prior year, and multiplied by 100%.

(2) Represents net loss divided by revenue for the years indicated, and multiplied by 100%.

(3) Represents adjusted net loss (non-HKFRS measure) divided by revenue for the years indicated, and multiplied by 100%.

(4) Represents current assets divided by current liabilities as of the dates indicated.

(5) Represents current assets divided by current liabilities (excluding convertible redeemable preferred shares) as of the dates indicated.

[**REDACTED**] STATISTICS

	Based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	Based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]
Market capitalization of our Shares[(1)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted net tangible assets per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**].

(2) The unaudited [**REDACTED**] adjusted net tangible assets of the Company attributable to the shareholders of the Company per Share was calculated based on the assumption that [**REDACTED**] Shares were in issue as of December 31, 2024 and after adjustments as specified in "Appendix II—Unaudited [**REDACTED**] Financial Information." The difference between the number of Shares used in market capitalization calculation [**REDACTED**] and [**REDACTED**] is [**REDACTED**], which is the number of Series B Preferred Shares issued by the Company in April 2025.

FUTURE PLANS AND USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated [**REDACTED**] expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**]. We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used to enhance our technology capabilities in distributed cloud computing services and upgrade our multi-modal API platform;

- Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used to solidify our business presence and expand our business outreach aiming to increase our market share;

- Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used for our overseas expansion particularly in established and emerging markets with untapped potential; and

- Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used for working capital and general corporate purposes.

For details, please see "Future Plans and Use of [**REDACTED**]."

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. During the Track Record Period, we did not make any dividend payment. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Memorandum of Association and Articles of Association and the Cayman Companies Act. As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of net liabilities or accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

[**REDACTED**]

The [**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**], including [**REDACTED**] for the [**REDACTED**], will be approximately HK$[**REDACTED**] million (including (i) [**REDACTED**] of approximately HK$[**REDACTED**] million and (ii) [**REDACTED**] related expenses of approximately HK$[**REDACTED**] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK$[**REDACTED**] million and other fees and expenses of approximately HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]). Among the total [**REDACTED**], an estimated amount of approximately HK$[**REDACTED**] million is expected to be expensed through the statement of profit or loss and the remaining amount of approximately HK$[**REDACTED**] million is expected to be recognized directly as a deduction from equity upon the [**REDACTED**].

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We completed our Series B financing in April 2025. We received investments from Harvest Oriental and LCV Pathfinder of US$11.0 million and US$10.0 million, respectively. See "History, Development and Corporate Structure—[**REDACTED**] Investments" for details.

Our AI cloud computing services grew rapidly after the Track Record Period, as we continued to expand our global footprint and integrated more computing power resources from AIDCs into our network. Our average daily token consumption increased from 27.1 billion in December 2024 to 141.9 billion in May 2025.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

CSRC FILING

We [submitted] a filing to the CSRC for application of the [**REDACTED**] and the [**REDACTED**] on [●], 2025. The CSRC [confirmed] our completion of filing on [●], 2025.

In this document, the following expressions shall have the meanings set out below unless the context otherwise requires.

DEFINITIONS

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"ALPHAX"	AlphaX Partners Fund I, L.P., an exempted limited partnership registered in the Cayman Islands on March 23, 2016 and one of our [**REDACTED**] Investors
"Ant Colony"	Ant Colony System Ltd., a company incorporated in the BVI on November 25, 2019, our Controlling Shareholder
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on [●] and will come into effect upon [**REDACTED**] (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"BRV Aster"	BRV Aster Fund III, L.P., an exempted limited partnership registered in the Cayman Islands on January 15, 2019 and one of our [**REDACTED**] Investors
"BVI"	the British Virgin Islands
	[**REDACTED**]
"Catalog"	Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》)

"Cayman Companies Act" or "Companies Act"	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
	[**REDACTED**]
"CCV Fund"	CCV Fund II LP, an exempted limited partnership registered in the Cayman Islands on September 10, 2019 and one of our [**REDACTED**] Investors
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan
"CIC"	China Insights Consultancy (灼識企業管理諮詢(上海)有限公司), an independent professional market research and consulting company, an Independent Third Party
"CIC Report"	the independent industry report commissioned by us and prepared by CIC independently
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company"	PPLabs Technology Limited, a company incorporated in the Cayman Islands as an exempted company on May 6, 2019
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules

"Consolidated Affiliated Entity(ies)"	the entity(ies) we indirectly control through the Contractual Arrangements, namely PPIO Shanghai, Shanghai PAI and Generative Era
"Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by and among Shanghai DAO, PPIO Shanghai and the Registered Shareholders on March 12, 2021 and June 10, 2025. See "Contractual Arrangement" in this document for details
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Yao, Ms. Lyu, Ant Colony, Water Seven, Patty William and PP Future, any "Controlling Shareholder" means any one of them
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Everjoy Fortune"	Everjoy Fortune Pte. Ltd., a limited liability company incorporated in the Republic of Singapore on December 10, 2018 and one of our [**REDACTED**] Investors
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by the Hong Kong Government
"Feidian"	Tianjin Feidian Zhuichu Venture Capital L.P.* (天津沸點綴初創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 23, 2021 and one of our [**REDACTED**] Investors
	[**REDACTED**]
"Generative Era"	Generative Era Technology (Shanghai) Co., Ltd.* (生成時代科技(上海)有限公司), a company established in the PRC on September 6, 2024, a wholly-owned subsidiary of PPIO Shanghai and one of our Consolidated Affiliated Entities
	[**REDACTED**]

"Group"	our Company and all of our subsidiaries and our Consolidated Affiliated Entities, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Harvest Oriental"	HARVEST ORIENTAL SP, a segregate portfolio of HARVEST INTERNATIONAL PREMIUM VALUE (SECONDARY MARKET) FUND SPC, a segregated portfolio company incorporated in the Cayman Islands with limited liability on June 10, 2020, and one of our [**REDACTED**] Investors
"Hivemind US"	Hivemind Labs, Inc., a company established in the State of Delaware of the United States on November 18, 2024 and a wholly-owned subsidiary of our Company

[**REDACTED**]

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"Hua Capital"	Hua Capital Fund I L.P., an exempted limited partnership registered in the Cayman Islands on May 13, 2021 and one of our [**REDACTED**] Investors

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

[**REDACTED**]

"IMO Global"	IMO Global Growth Fund SPC on account of IMO Ventures Fund IV SP, a segregated portfolio company registered in the Cayman Islands on July 18, 2019 and one of our [**REDACTED**] Investors

"IMO Ventures"	IMO Ventures Fund II LP, an exempted liability partnership registered in the Cayman Islands on October 17, 2017 and one of our [**REDACTED**] Investors
"Independent Third Party"	a person or entity who is not a connected person of our Company under the Listing Rules to the knowledge of our Directors after all reasonable enquiries

[**REDACTED**]

"Ivision Ventures"	Ivision Ventures I L.P., an exempted limited partnership registered in the Cayman Islands on August 9, 2018 and one of our [**REDACTED**] Investors
"Jaya Skypiea"	Jaya Skypiea Limited, a company incorporated in the BVI on April 23, 2019 which is wholly owned by Mr. Wang

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the [**REDACTED**]"
"LCV Pathfinder"	LCV Pathfinder Fund, L.P., an exempted limited liability partnership registered in the Cayman Islands on January 16, 2025, and one of our [**REDACTED**] Investors

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"M&A Rules"	the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, conditionally adopted on [●] and will come into effect upon [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix III to this document
"Millennium"	Millennium Technology Holdings Limited, a company incorporated in the BVI on November 27, 2018 and one of our [**REDACTED**] Investors
"Mr. Wang"	Mr. Wang Wenyu (王聞宇), our executive Director and chief technology officer
"Mr. Yao"	Mr. Yao Xin (姚欣), our executive Director, chairman of the Board, chief executive officer, our Controlling Shareholder and the spouse of Ms. Lyu

"Ms. Lyu"	Ms. Lyu Shanshan (呂姍姍), our non-executive Director, our Controlling Shareholder and the spouse of Mr. Yao
"Negative List"	Special Administrative Measures for Entry of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) as promulgated by the NDRC and the MOFCOM on September 6, 2024, effective as of November 1, 2024

[**REDACTED**]

"Offshore Holding Companies"	collectively, Patty William, PP Future, Water Seven and Ant Colony

[**REDACTED**]

"Panlin Fund"	Panlin Capital Fund II L.P., an exempted liability partnership established in the Cayman Islands on December 1, 2021, and one of our [**REDACTED**] Investors
"Panlin Group"	Panlin Group Limited a company incorporated in BVI on February 22, 2017, and one of our [**REDACTED**] Investors
"Patty William"	Patty William Limited, a company incorporated in the BVI on April 23, 2019, our Controlling Shareholder
"PP Future"	PP Future Technology Holdings Limited, a company incorporated in the BVI on August 8, 2018, our Controlling Shareholder
"PPIO Shanghai"	PPIO Cloud (Shanghai) Co., Ltd.* (派歐雲計算(上海)有限公司) (previously known as Zhuichu Network Technology (Shanghai) Co., Ltd.* 綴初網絡技術(上海)有限公司), a company established in the PRC on May 22, 2018 and one of our Consolidated Affiliated Entities
"PPLabs HK"	PPLabs HongKong Limited, a limited company incorporated in Hong Kong on May 24, 2019 and a wholly-owned subsidiary of our Company
"PRC Legal Advisor"	Jia Yuan Law Offices (北京市嘉源律師事務所), the legal advisor to our Company as to PRC laws
"Preferred Shares"	preferred shares in the share capital of our Company
"[**REDACTED**] Global Share Plan"	the [**REDACTED**] Global Share Plan adopted by our Company on February 22, 2021 and amended on January 24, 2024. See "Appendix IV—Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan" for a summary of the principal terms
"[**REDACTED**] Investment(s)"	the [**REDACTED**] investment(s) in our Company undertaken by the [**REDACTED**] Investor(s). See "History, Development and Corporate Structure" in this document for details
"[**REDACTED**] Investor(s)"	IMO Ventures, IMO Global, CCV Fund, BRV Aster, LCV Pathfinder, Everjoy Fortune, Hua Capital, Ivision Ventures, ALPHAX, Feidian, Panlin Fund, Panlin Group, Harvest Oriental and Millennium or any one of them

[**REDACTED**]

"Registered Shareholders"	the registered shareholders of PPIO Shanghai, namely Mr. Wang and Ms. Lyu. See "Contractual Arrangement" in this document for details
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE Circular 37"	Circular concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investment Conducted by Domestic Residents through Overseas Special Purpose Vehicle (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai DAO"	Shanghai DAO Network Technology Co., Ltd.* (上海道奧網絡科技有限公司), a company established in the PRC on June 24, 2019 and an indirect wholly-owned subsidiary of our Company
"Shanghai PAI"	Shanghai PAI Network Co., Ltd.* (上海派雲信息技術有限公司), a company established in the PRC on April 2, 2020, a wholly-owned subsidiary of PPIO Shanghai and one of our Consolidated Affiliated Entities
"Share(s)" or "Ordinary Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

[**REDACTED**]

"subsidiary"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"SWARMNET Singapore"	SWARMNET SOLUTIONS PTE. LTD., a company established in the Republic of Singapore on January 22, 2024 and a wholly-owned subsidiary of our Company
"Takeovers Code" or "Hong Kong Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)

[**REDACTED**]

"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Water Seven"	Water Seven Investment Limited, a company incorporated in the BVI on September 26, 2016, our Controlling Shareholder

[**REDACTED**]

ACRONYMS

"AFRC"	Accounting and Financial Reporting Council
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"IEEE"	Institute of Electrical and Electronics Engineers
"IEEE INFOCOM"	Institute of Electrical and Electronics Engineers—International Conference on Computer Communications
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"TMT"	technology, media, telecommunications

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

The English names of PRC laws, regulations, governmental authorities, institutions, and of companies or entities established in the PRC included in this document are translations of their Chinese names or vice versa and are included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms

"AI"	artificial intelligence
"AI cluster"	a group of computers or servers working together to perform tasks related to artificial intelligence
"AI cloud computing"	the delivery of computing resources, storage, and AI development tools over the cloud to support the training, inference, and deployment of artificial intelligence models. It combines the scalability of cloud infrastructure with the high-performance requirements of AI workloads
"AIDC"	AI data center, a specialized type of data center designed and optimized to handle the immense computational demands of AI workloads. AIDCs rely extensively on GPUs and are designed to support both the training of AI models and the execution of AI inference tasks
"AIGC"	AI-generated content, content created using AI technologies
"AI fine-tuning"	the process of adapting a pre-trained model to perform specific tasks or use cases
"AI infrastructure"	the combination of hardware, software and frameworks necessary to develop, deploy and manage AI applications and solutions
"AIOps"	an advanced approach to managing and maintaining our infrastructure by using artificial intelligence and machine learning technologies
"API"	a set of defined protocols, routines and tools that enables different software applications to communicate with each other. In the context of AI, an API provides a standard way for external applications to access AI-powered services or models without the user needing to understand the underlying algorithms or infrastructure

"CDN"	content delivery network, a network of geographically distributed nodes close to end users designed to deliver content (such as web pages, images and videos) to users more quickly. By caching content on servers closer to users, CDNs reduce data transmission distances, enhancing load speeds and stability
"CPU"	central processing unit, the primary component of a computer that performs most of the processing inside the computer
"cross-cloud scaling"	the ability to dynamically allocate resources across multiple cloud environments to handle varying workloads and ensure high availability
"edge bare metal"	a computing model that combines the principles of edge computing with the use of bare metal servers
"edge CDN"	a network of servers distributed geographically to optimize the distribution of servers as the servers are located closer to the end users and data origins (compared with traditional CDNs), resulting in faster transfer of data and shorter buffering time
"edge cloud"	a cloud computing model where cloud resources, such as data storage and processing power, are moved closer to the location where data are generated and where end-users are located
"edge computing"	a distributed computing paradigm that brings computing and storage closer to the sources of data, with benefits such as improved response times and better bandwidth utilization compared to cloud computing
"edge container"	a type of container technology specifically designed to operate at the edge of the network, closer to the data sources and end-users
"edge node"	computing resource that composed of one or more devices located close to the data source at the edge of a network, designed to facilitate data processing and analytics near the data's origin

"generative AI"	a subfield of AI that focuses on creating new content, such as text, images, videos or audio, based on patterns learned from existing data, such as multimodal content generation, sound cloning and creating virtual hosts
"GPU"	a specialized processor originally designed for rendering graphics, but now widely used to accelerate parallel computations in fields like artificial intelligence, especially for training and inference of deep learning models
"IDC"	internet data center, is a specialized physical facility designed to house a large number of computer systems, network equipment and associated infrastructure (such as power supply, cooling systems and security systems). Primarily relies on CPUs and is designed to support a broad range of general-purpose IT workloads. The broader definition of an IDC now includes both traditional CPU-based IDCs and GPU-based AIDCs.
"LLM"	large language model, a deep learning model trained on large-scale text data to understand, process and generate human language. It specializes in natural language tasks and forms the foundation of many language-based AI applications
"model API"	an interface that allows developers to access and use pre-trained AI models via standardized API calls, enabling tasks such as text generation, image recognition, or speech processing without managing the underlying infrastructure
"model training"	the process of optimizing a machine learning model's parameters using data, enabling it to learn patterns and perform specific tasks. It typically involves forward passes, loss calculation and backpropagation
"model inference"	the process of applying a trained machine learning model to new input data to generate predictions, decisions, or structured outputs. It represents the deployment-time execution of the model's learned parameters, often involving complex reasoning, pattern recognition, or language understanding in real-world scenarios

"multi-cloud platform"	the use of cloud computing services from multiple cloud providers within a single architecture
"multimodal model"	an AI model trained to process and understand multiple types of input data—such as text, images, audio, or video—enabling it to perform reasoning and generation across different modalities in a unified way
"PUE"	power usage effectiveness, a metric used to measure the energy efficiency of a data center
"QoS"	quality of service
"SDK"	software development kit, a set of software development tools that can be used to create and develop applications
"SLA"	service-level agreement, a contract between a service provider and a customer that outlines the services to be provided and the expected level of performance
"VPC"	virtual private cloud, a secure, isolated segment of a public cloud that allows customers to run code, store data, host websites and perform other tasks as they would in a private cloud, but with the infrastructure hosted by a public cloud provider

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- the actions of and developments affecting our major customers and suppliers;
- our ability to attract and retain qualified employees and key personnel;
- our financial conditions and performance;
- our capital expenditure plans;
- our ability to control or reduce costs;

- our dividend policy; and

- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Additional factors that could cause actual performance or achievement to differ materially include but are not limited to those discussed in the section headed "Risk Factors" and elsewhere in this document. In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would," and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

We caution you not to place undue reliance on these forward-looking statements which are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

***An* [REDACTED] *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before making an* [REDACTED] *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the* [REDACTED] *of our* [REDACTED] *could decline, and you may lose all or part of your* [REDACTED].**

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

To support our business growth, we are continuously optimizing and expanding our infrastructure and substantially investing in our research and development efforts, which may negatively impact our profitability and cash flow, and may not generate the results we expect to achieve.

Our technological capabilities and infrastructure are critical to our success. We have been continuously optimizing and expanding our infrastructure and investing substantially in our research and development efforts. We have incurred significant computing resource costs for edge cloud computing services that amounted to RMB223.8 million, RMB278.8 million and RMB448.6 million in 2022, 2023 and 2024, respectively. Additionally, our research and development expenses amounted to RMB41.4 million, RMB67.8 million and RMB86.3 million in 2022, 2023 and 2024, respectively, accounting for 14.5%, 18.9% and 15.5% of our revenue in the same years, respectively.

The distributed cloud computing services industry is subject to rapid technological changes. We need to invest significant resources, including financial and human resources, in research and development to enhance our technology capabilities in order to make our products and services innovative and competitive. As a result, we expect that our computing resource costs and research and development expenses will continue to increase. Furthermore, as development results are inherently uncertain and the fluctuations of market prices of our products and services are out of our control, we might encounter practical difficulties in gaining profits from our development activities. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technology has been and will continue to advance, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. New technologies in our

industry could render our technologies, our infrastructure or solutions that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenues, profitability and market share.

We may have insufficient computing resources, which could result in disruptions and our business, results of operations and financial condition could be adversely affected.

Our operations are dependent in part upon computing resources provided by our partners. We gather and consolidate idle computing resources from enterprises and data centers scattered across various physical locations and form the distributed computing architecture of our services. There can be no assurance that our partners will be willing or able to provide idle computing resources to us and that such idle computing resources will remain available without disruption at all times. In addition, our business expansion largely depends on our ability to locate and engage with new computing resource providers. There can be no assurance that we will be able to locate sufficient computing resources for our business expansion or to be adequately prepared for unexpected increases in demand for computing resources from our clients. The computing resources to which we have access may become unavailable for a variety of reasons, including full utilization of computing resources by our partners, service outages, payment disputes, network providers going out of business, termination of collaboration with our partners or network providers, natural disasters, networks imposing traffic limits or governments adopting regulations that impact network operations. In some regions, computing resource providers have their own services that compete with us, or they may choose to develop their own services that will compete with us. These computing resource providers may become unwilling to sell us adequate computing resources at fair market prices, if at all. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment reserves of computing resources to reflect growing traffic or security demands. Failure to put in place the computing resources we require could result in a reduction in, or disruption of, service to our clients and ultimately a loss of those clients. Such a failure could result in our inability to acquire new clients.

If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing client needs, requirements and preferences, our products and services may become less competitive.

The edge cloud computing service and AI cloud computing service industries are subject to rapid technological change, evolving industry standards, changing regulations, as well as changing client needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis, including our strategic adjustment of our existing product and solution offerings and development of new products and services. If we are unable to develop new products and services that satisfy our clients and provide enhancements and new features for our existing products and services that keep pace with rapid technological and industry change, our

business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Our solutions must also integrate with a variety of network, hardware, software platforms and technologies, and we need to continuously modify and enhance our products and services to adapt to changes and innovation. For example, if clients adopt new software solutions or infrastructure, we may be required to develop new versions of our products to be compatible with those new software solutions or infrastructure. This development effort may require substantial resources, which would adversely affect our business, results of operations and financial condition.

If we do not compete effectively or are unable to maintain the pricing term for our products and services, our business, results of operations and financial condition could be harmed.

The distributed cloud services market is competitive and rapidly evolving. The principal competitive factors in our market include scalability, reliability, completeness of product offerings, level of sophistication of solutions, product features, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, as well as the cost of deploying and using our products and services, among others.

We compete primarily with other distributed cloud service providers in the PRC. Some of our existing and potential competitors have significantly larger scale, greater brand name recognition, longer operating histories, more established client relationships and greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or client requirements than we can. In addition, some competitors may offer products, solutions or services that address one or a limited number of functions at lower prices, with enhanced adaptability, accuracy and efficiency compared with our products and services or in different geographies. Our current and potential competitors may develop and market new products, solutions and services with comparable or superior functionality to ours, which could force us to decrease prices to remain competitive. In addition, emerging and enhanced technologies are likely to further intensify competition of our industry. Intensified competition may result in price reduction of our products and services, a decrease in our profit margins, loss of market share and increased difficulty in market penetration, which may have a material adverse effect on our business, prospects, financial conditions and results of operations.

We may not be able to retain existing clients as a result of a number of factors, including procurement requirement of the clients, their dissatisfaction with the price of our products and services, and their ability to continue their operations and spending levels. For example, state-owned enterprise clients may choose to use other cloud services, such as state-backed cloud systems, and reduce their use of our products and services. Additionally, we may face intense competition and pricing pressure in the public tender processes that are common in state-owned enterprises' procurement process, which may sometimes be costly. If our clients cease to adopt our products and services on similar terms, our revenues may decline and our business, results of operations and financial condition may be adversely affected.

Our business depends on clients increasing their use of our products and services. If we fail to retain existing clients or increase the demand from our clients, our business, results of operations and financial condition could be materially and adversely affected.

Our ability to grow and generate incremental revenues depends, in part, on our ability to maintain our existing clients and grow our relationships with existing clients and to have them increase their use of our products and services. If our clients do not increase their use of our products and services or if the demand from our clients declines, our revenues may decrease, and our results of operations may be harmed. The loss of clients or reductions in their demand for our products and services may have a negative impact on our business, results of operations and financial condition. Any change in the competitive landscape, market trend or user behaviors may have a negative impact on our clients, thus harm their ability to maintain and increase the procurement of our products and services. In addition, some of the industries where our clients operate are heavily regulated. As the laws and regulations are evolving and some of them are relatively new, changes to the current laws and regulations may affect our business and results of operations. In addition, interpretation and enforcement of such laws and regulations involve significant uncertainty. If these laws and regulations or the uncertainty associated with their interpretation negatively impact the industries where our clients operate, our business may be adversely affected as well. We may experience reductions in demand for our products and services from existing clients and the loss of clients if clients are not satisfied with our products and services, the value proposition of our products and services or our ability to otherwise meet their needs and expectations.

Further, some of our clients may choose to develop their own solutions that do not include our products and services or adopt a multi-cloud strategy decreasing the use of our products and services. They may also demand reductions in pricing as their usage of our products and services increases, which could have an adverse impact on our gross profit margin. Moreover, some of our clients may choose to use other cloud service providers for commercial, compliance or other reasons. If a significant number of clients cease or reduce using our products and services, we may not be able to achieve our growth target and may need to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenues. Such additional sales and marketing expenditures could adversely affect our business, results of operations and financial condition.

If we fail to maintain and enhance the functions, performance, reliability, design, security, and scalability of our products and services to meet our clients' evolving needs, we may lose our clients.

The market for distributed cloud computing services in China is constantly changing with innovations. In addition, the AI cloud computing service industry is still at a relatively early stage with uncertainties. Our success has been based on our dedication to the development of our innovative products and services. Our ability to continue to attract and retain clients and increase sales depends largely on our ability to continue improving and enhancing the functions, performance, reliability, design, security, and scalability of our products and services.

We may experience difficulties in developing new technologies as it is costly and time-consuming, which in turn could delay or prevent the development, introduction or implementation of new products and services. While we have invested a significant amount of time and money in edge computing and AI computing solutions development to date, we may not have sufficient resources to invest at the same level going forward. To the extent we are unable to improve and enhance the functions, performance, reliability, design, security, and scalability of our products and services in a manner that timely and effectively responds to our clients' evolving needs and market competition, we may lose our clients and our business, financial condition, results of operations, and prospects may be materially and adversely affected.

If our products and services do not achieve sufficient market acceptance, our business and competitive position will suffer.

To meet our clients' rapidly evolving demands, we invest substantial resources in research and development to enhance our products and services. When we develop new or enhanced products and services, we typically incur expenses and expend resources upfront. Therefore, when we develop and introduce new or enhanced products and services, they must achieve high levels of market acceptance in order to retain our existing client and attract new clients to justify the amount of our investment in developing and bringing them to market. Our new products and services, or enhancements and changes to our existing products and services, could fail to attain the expected market acceptance for many reasons, including, among others:

- Failure to predict market demand accurately in terms of functionality and a failure to supply products and services that meet this demand in a timely manner;
- Defects, errors, or disruptions;
- Negative publicity about our products and services' performance or effectiveness;
- Changes in the legal or regulatory requirements, or increased legal or regulatory scrutiny, adversely affecting our products and services;
- Emergence of competitors that achieve market acceptance before we do;
- Delays in releasing enhancements to our products and services to the market; and
- Introduction or anticipated introduction of competing products or services by our competitors.

We could suffer disruptions, outages, latencies, defects and other performance and quality problems with our products and services or with the internet infrastructure on which it relies.

Our business depends on our products and services to be available without disruption. We have experienced, and may in the future experience, disruptions, outages, latencies, defects and other performance and quality problems with our products and services. We have also experienced, and may in the future experience, disruptions, outages, latencies, defects, and other performance and quality problems with the internet infrastructure on which our products and services relies. These problems can be caused by a variety of factors, including introductions of new functionality, vulnerabilities and defects in proprietary and open-source software, human error or misconduct, capacity constraints, design limitations or denial of service attacks or other security-related incidents.

Further, if our contractual and other business relationships with our internet infrastructure partner are terminated, suspended, or suffer a material change to which we are unable to adapt, such as termination of relationship with certain suppliers or elimination of services or features on which we depend, we could be unable to provide our products and services and could experience significant delays and incur additional expense in transitioning to a different internet infrastructure partner.

Any disruptions, outages, latencies, defects and other performance and quality problems with our products and services or with the internet infrastructure on which it relies, or any material change in our contractual and other business relationships with our public cloud providers, could result in reduced use of our products and services, increased expenses, including service credit obligations, and harm to our brand and reputation, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Our use of open-source software and models could negatively affect our ability to sell our products and services, and subject us to possible litigation.

Our products and services incorporate open-source software, including open-source large language models, multimodal models and others, and we expect to continue to incorporate them in our products and services in the future. We may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license. These allegations could also result in litigation. Moreover, although we have implemented policies to regulate the use and incorporation of open-source software and models into our products and services, we cannot be certain that we have not incorporated open-source software and models in our products or services in a manner that is inconsistent with such policies. If we or our employees fail to comply with open-source licenses, we may be subject to certain requirements, obligating us to offer our products and services that incorporate the open-source software and models at no cost or to license modifications or derivative works under the terms of applicable open-source licenses. If an author or other third party that distributes such open-source software and models were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses to defend

against such allegations and could be subject to significant damages, prohibited from generating revenues from clients using products and services that contained the open-source software and models and required to comply with onerous conditions or restrictions in relation to these products and services. Should any of these events occur, we and our clients may be required to seek licenses from third parties in order to continue offering our products and services or to re-engineer our products or services, or discontinue offering our products and services to clients in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing may require us to devote additional research and development resources, which could adversely affect our business, results of operations and financial condition.

Our services rely on the stable performance of servers, and any disruption to servers due to internal and external factors could diminish demand for our products or services, harm our business, our reputation and results of operations and subject us to liability.

We rely in part upon the stable performance of servers under our service network for provision of our solutions, products and services. Any disruption to these servers may happen due to internal and external factors, such as inappropriate maintenance, defects in the servers, cyber-attacks targeted at us or our clients, occurrence of catastrophic events or human errors. Such disruption could result in negative publicity, loss of or delay in market acceptance of our products and services, loss of competitive position, lower client retention or claims by clients for losses sustained by them. In such an event, we may need to expend additional resources to help with recovering. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

Currently, most of the servers under our service network are located in China, while a small part of them are located abroad. While we have electronic and, to a lesser extent, physical access to the components and infrastructure of the servers, we do not control the operation of our suppliers, which may be vulnerable to damage or interruption from a variety of sources, including earthquakes, floods, fires, power loss, system failures, computer viruses, physical or electronic break-ins, human error, malfeasance or interference, including by disgruntled or former employees, terrorism and other catastrophic events. Consequently, we may be subject to service disruptions as well as failures to provide adequate support for reasons that are outside of our control. We cannot assure you that we can find alternative suppliers when the demands for servers surge or disruptions happen due to such catastrophic or force majeure events, which could also harm our business, results of operations and financial condition.

Our business is subject to a variety of laws, regulations, rules, policies and other obligations regarding data and privacy protection. Any losses or unauthorized access to or releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

The loss, unauthorized access or misuse of the operational data or confidential information of our customers and employees collected, used, or transferred by us in the course of our business could result in significantly increased costs. For example, if third parties improperly obtain and use such data, or if we otherwise experience a data loss, we may be required to expend considerable resources to comply with data breach notification requirements and to defend against potential legal claims. A major breach of network security related regulations may result in fines, penalties, and damages, harm our reputation and adversely affect our business, results of operations and financial condition.

Laws and regulations governing data and privacy protection are rapidly evolving and may conflict across the various jurisdictions in which we currently operate or plan to conduct business. We are subject to a range of local, national and international laws and regulations relating to the collection, use, retention, protection, security, disclosure, transfer and other processing of personal information or other data in these jurisdictions ("Data Protection Laws"). Any actual or alleged failure by us, our suppliers or other business partners to comply with applicable Data Protection Laws could result in regulatory investigations, litigation, the imposition of fines or damages, ongoing audit requirements, and other significant costs and liabilities. As these laws and regulations continue to develop, their interpretation and enforcement may also change, increasing the complexity and cost of ongoing compliance.

Complying with emerging and changing legal and regulatory requirements relating to data and privacy protection may cause us to incur substantial costs or require us to change our business practices. For example, we may be subject to certain filing requirements under privacy-related laws, regulations or policies. Any non-compliance could adversely affect our ability to collect, analyze and process data, expose us to significant monetary penalties, damage our reputation, result in suspension of our services and subject us to legal liabilities. In addition, our inadvertent failure to comply with Data Protection Laws could result in audits, regulatory inquiries, or proceedings against us by governmental entities or other third parties. Furthermore, any inability to adequately address data or privacy protection or other information security-related concerns, even if unfounded, to successfully negotiate privacy, data protection or information security-related contractual terms with customers or to comply with Data Protection Laws, could result in additional cost and liability to us, harm our reputation and brand and could adversely affect our business, results of operations and financial condition. Moreover, our security measures may not address every potential threat and could be susceptible to hacking, employee error, malfeasance, system or technical issues, weak password management or other vulnerabilities.

Certain of our products and services are subject to telecommunications-related regulations, and future legislative or regulatory actions could adversely affect our business, results of operations and financial condition.

Our edge cloud computing services are subject to existing and evolving telecommunication laws and regulations in China. If we do not comply with these rules and regulations, we may be subject to rectification and enforcement actions, fines, loss of licenses and possibly restrictions on our ability to operate or offer certain of our products and services. For example, if our edge cloud computing services involves storing or processing data that are controversial in nature because of their impact on human rights, privacy, employment or other social issues, we may experience brand or reputational harm or even penalties. Any enforcement actions by the competent authorities, which may be a public process, may hurt our reputation in the industry, impair our ability to sell our products and services to clients and adversely affect our business, results of operations and financial condition.

If we do not comply with any current or future rules or regulations that apply to our business, we may be ordered to rectify our illegal activities, be subject to confiscation of illegal gains, fines or business suspension or may be required to obtain additional license or approvals. We cannot assure you that we will be able to timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future, or at all, in which case we may have to restructure our offerings, exit certain markets or raise the price of our products and services. In addition, the interpretation and enforcement of the evolving regulations may remain uncertain when being applied to our business, which could increase our costs or limit our ability to grow. Any of the foregoing could adversely affect our business, results of operations and financial condition.

RISKS RELATING TO OUR FINANCIAL POSITION

We recorded net losses and operating cash outflow during the Track Record Period, and there is no assurance that we will be able to achieve or subsequently maintain profitability.

In 2022, 2023 and 2024, we incurred losses of RMB85.0 million, RMB189.4 million and RMB293.5 million, respectively. These net losses were primarily attributable to fair value losses on convertible redeemable preferred shares and share-based payment expenses, significant investments in research and development and service network expansion during the Track Record Period. In addition, we recorded net cash outflows from operating activities of RMB45.1 million, RMB35.4 million and RMB41.3 million in 2022, 2023 and 2024, respectively.

Our future ability to achieve profitability and generate positive operating cash flow will depend on various factors, including our ability to develop new technologies, enhance user experience, establish effective monetization strategies, compete effectively and successfully, and continue to grow our user base and revenues in a cost-effective manner by improving our operational efficiency.

We also anticipate that our cost of sales and operating expenses will further increase in the foreseeable future as we continue to expand our business and operations, especially our AI cloud computing services. In addition, we expect to incur substantial costs and expenses as a result of becoming a public company. If we are unable to generate sufficient revenues or effectively manage our costs and expenses, we may continue to incur significant losses in the future and our net losses may increase compared to previous years. Therefore, we cannot assure you that we will achieve profitability or generate positive operating cash flow in the future.

Any adverse movements in the fair value of financial assets could adversely affect our results of operations.

Some of our financial assets are measured at fair value through profit or loss, such as our investments in wealth management products, which is categorized into level 2. The amount of financial assets at fair value through profit or loss was RMB103.3 million, RMB90.5 million and RMB16.8 million as of December 31, 2022, 2023 and 2024, respectively. We recorded gains from fair value of financial assets through profit or loss of RMB0.5 million, RMB1.5 million and RMB0.9 million in 2022, 2023 and 2024, respectively. The determination of fair value of relevant financial assets involves the use of observable input. Fair value changes of such financial assets could adversely affect our financial condition and results of operations. We cannot assure you that changes in financial market conditions will continue to create fair value gains on our financial assets at previous levels or at all. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our financial condition and results of operations.

The fair value of our convertible redeemable preferred shares was arrived at on the basis of valuation requiring judgment and assumptions and involving the use of unobservable input.

For financial reporting purposes, fair value measurements of our financial liabilities are categorized into level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial liabilities classified in levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of level 3 financial liabilities is based on valuation techniques and various assumptions of inputs that are unobservable, which inherently involve a certain degree of uncertainty. The fair value of the convertible redeemable preferred shares of the Group were classified as level 3. For details, please refer to notes 24 and 33 to the Accountants' Report in Appendix I to this document.

We recorded fair value losses on convertible redeemable preferred shares of RMB44.1 million, RMB145.0 million and RMB221.8 million in 2022, 2023 and 2024, respectively. The fair value of the convertible redeemable preferred shares measured at fair value was arrived at on the basis of valuation requiring judgment and assumptions and involving the use of unobservable input and are subject to a range of factors beyond our control. These factors include, but are not limited to, general economic conditions, changes in market interest rates and the stability of the capital markets. The valuation may involve a significant degree of

judgment and assumptions which are inherently uncertain and may result in material adjustment. If the fair value of the convertible redeemable preferred shares measured at fair value were to fluctuate, our business, results of operations and financial condition could be materially and adversely affected.

We are exposed to credit risks from our customers and the recoverability of our trade receivables is subject to uncertainties. If we fail to collect trade receivables from our customers in a timely manner, our business operations and financial results may be materially and adversely affected.

We generally grant a credit term of one to three months to our customers of our edge cloud computing services, and are therefore exposed to credit risk from the relevant customers. We had trade receivables of RMB72.6 million, RMB90.9 million and RMB150.1 million as of December 31, 2022, 2023 and 2024, respectively. Our trade receivable turnover days were 90, 83 and 79 days in 2022, 2023 and 2024, respectively. In addition, 32.8%, 42.7% and 30.9% of our trade receivables were due from our largest customer and 88.6%, 93.6% and 88.1% of our trade receivables were due from our five largest customers as of December 31, 2022, 2023 and 2024, respectively.

Although we conduct credit evaluations on our customers prior to delivery of our products and services, a customer's ability to make payments on a timely basis depends on various factors such as general economic and market conditions and the customer's cash flow position, which are out of our control. Delays or defaults in receiving payments from our customers may adversely affect our financial performance, cash flow position and our ability to meet our working capital requirements. There is no assurance that our customers will pay us on a timely basis or at all, or that we will be able to efficiently manage the level of bad debt arising from staged payments. If we are not able to effectively manage the credit risk associated with our trade receivables, we may record impairment losses on our trade receivables and our results of operations will be materially and adversely affected.

We recorded net current liabilities and net liabilities during the Track Record Period. There is no assurance that we will record net current assets or net assets in the future.

As of December 31, 2022, 2023 and 2024, we recorded net current liabilities of RMB240.2 million, RMB438.7 million and RMB738.4 million, respectively, and net liabilities of RMB215.4 million, RMB403.9 million and RMB695.8 million, respectively. Our net current liability position and net liability position during the Track Record Period were primarily due to the issuance of convertible redeemable preferred shares, which will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**]. See "Financial Information—Liquidity and Capital Resources." There can be no assurance that we will be able to record net current assets and net assets in the future. If we continue to record net current liabilities or net liabilities, we may face liquidity risks and may not be able to repay short term

indebtedness. In addition, having significant net current liabilities or net liabilities could constrain our operational flexibility and adversely affect our planned expansion plans and our business operations. Any of these events could have a material adverse impact on our business and results of operations.

We require a significant amount of capital to fund our operations and respond to business opportunities. If we cannot obtain sufficient capital on acceptable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We make investments from time to time in product development, technologies, branding, sales and marketing to remain competitive. During the Track Record Period, our principal sources of liquidity included proceeds from our business operations, equity financing and bank borrowings. Our ability to obtain additional financing in the future is subject to a number of uncertainties, including those relating to:

- our future business development, financial condition and results of operations;
- general market conditions for financing activities; and
- macro-economic and other conditions in China and elsewhere.

We cannot assure you that we will be successful in our efforts to diversify our sources of capital and raise sufficient capital as we expect. If we cannot obtain sufficient capital, we may not be able to implement our growth strategies, and our business, financial condition and results of operations may be materially and adversely affected.

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 the interests of our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and finance covenants that would restrict our operations.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations and financial condition.

The conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies has in the past fluctuated significantly, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. 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 Hong Kong dollar and 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, the Hong Kong dollar and the U.S. dollar in the future. In 2022, 2023 and 2024, we recorded foreign exchange loss of RMB8.9 million, RMB2.4 million and RMB2.3 million, respectively. We cannot assure you that we will not continue to record foreign exchange losses in the future. If we continue to record, or record an increased foreign exchange loss, our business, financial condition and results of operations will be materially and adversely affected.

We are a holding company and we primarily rely on dividends paid by our operating subsidiaries in China for our cash needs. Substantially all of our revenues and costs are denominated in Renminbi. If we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Ordinary Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on Hong Kong dollar amount.

We have granted, and may continue to grant, share-based awards, which will increase our share-based compensation and may have an adverse effect on our results of operations.

In February 2021, we adopted a share option scheme. For details, please refer to note 28 to the Accountants' Report in Appendix I to this document. In 2022, 2023 and 2024, we incurred share-based payment expenses of RMB1.7 million, RMB7.2 million and RMB10.1 million, respectively. We believe offering share-based payment expenses is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based payment expenses in the future. As a result, our expenses associated with share-based payment expenses will increase, which may have an adverse effect on our results of operations.

RISKS RELATING TO OUR OPERATIONS

Security breaches and attacks against our systems and network, and any failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.

We have implemented various cybersecurity measures, but such measures may not detect, prevent or control all attempts to compromise our systems, including but not limited to, distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may cause service interruptions or jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, there can be no assurance that we will be able to anticipate or implement adequate measures to protect against these attacks.

We have contractual and legal obligations to notify relevant stakeholders of security breaches. The PRC government has enacted laws requiring companies to notify individuals, regulatory authorities and others of security breaches involving certain types of data. In addition, our agreements with certain clients and partners may require us to notify them in the event of a security breach. Such mandatory disclosures are costly, could lead to negative publicity, may cause our clients to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach.

A security breach may cause us to breach client contracts. Our agreements with certain clients may require us to use industry-standard or reasonable measures to safeguard sensitive personal information or confidential information. A security breach could lead to claims by our clients, their end-users or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal actions, or our clients could end their relationships with us. There can be no assurance that any limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

Litigation resulting from security breaches may adversely affect our business. Unauthorized access to our solutions, systems, networks or physical facilities could result in litigation with our clients, our clients' end-users or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business or adversely affect our reputation. We could be required to fundamentally change our business activities and practices or modify our product capabilities in response to such litigation, which could have an adverse effect on our business. If a security breach were to occur, and the confidentiality, integrity or availability of our data or the data of our partners, our clients or our clients' end-users were disrupted, we could be subject to significant liability, or our solutions, systems, or networks may be perceived as less desirable, which could negatively affect our business and damage our reputation.

If we fail to detect or remediate a security breach in a timely manner, or if a breach otherwise affects a large amount of data of one or more of our clients, or if we suffer a cyber-attack that impacts our products and services, we may suffer material damage to our reputation, business, financial condition and results of operations. Further, our insurance coverage may not be adequate for damages, indemnification obligations or other liabilities. Our risks are likely to increase as we continue to expand our business, grow our client base and process and transmit increasingly large amounts of proprietary and sensitive data.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws in China and foreign jurisdictions so that we can prevent others from using our inventions and proprietary information. As of the Latest Practicable Date, we had 27 material patents, 19 material trademarks, 2 material domain names and 33 material copyrights in the PRC. There can be no assurance that any patents that have been issued or that may be issued in the future will provide sufficient protection for our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business, results of operations and financial condition may be adversely affected.

There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and patent applications, will be adequate to protect our business. We may have to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and

countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. Any of our patents, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation.

We also rely, in part, on confidentiality agreements and non-compete agreements with our business partners, employees, consultants, advisors, clients and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently, with us lacking an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, our competitors may independently discover our trade secrets and proprietary information, and in such cases, we would not be able to assert any trade secret rights against them. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, to the extent we expand our international operations, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

We may be subject to legal proceedings and litigation, including intellectual property or contractual disputes, which are costly and may subject us to significant liability and increased costs of doing business. Our business may be adversely affected if it is alleged or determined that our technology infringes the intellectual property rights of others.

The distributed cloud computing service industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual property rights. Companies in the distributed cloud computing service industry may be required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims or rights against their use. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot obtain a license or develop technology for any infringing aspect of our business, we would be forced to limit or stop selling products and services impacted by the claim or injunction or cease business activities covered by such intellectual property, and may be unable to compete effectively. Any inability to obtain license of third-party technology in the future would have an adverse effect on our business or operating results and would adversely affect our ability to compete. We may also be contractually obligated to indemnify our clients in the event of infringement of a third party's intellectual property right. We may receive demands for such

indemnification from time to time. In addition, certain of our agreements with our clients and/or third-party service providers may include uncertainties on pricing, fees and others, which may expose us to potential claims as well. Responding to such claims, including those currently pending, regardless of their merit, can be time-consuming and costly to defend in litigation and damage our reputation and brand.

Lawsuits are time-consuming and expensive to resolve, and may divert management's time and attention. We may not have insurance to cover potential intellectual property claims or to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits, and the results of any such actions may harm our business.

The loss of, or a significant reduction in usage by, one or more of our major customers would result in lower revenue and could harm our business.

Our future success is dependent on establishing and maintaining successful relationships with a diverse set of clients. During the Track Record Period, we were subject to a certain level of concentration risk as we generated a significant portion of our revenue from our major customers. In 2022, 2023 and 2024, our revenue from our five largest customers accounted for approximately 86.1%, 92.5% and 89.5% of our revenue, respectively. During the same years, our largest customer accounted for approximately 38.2%, 44.1% and 35.2% of our revenue, respectively. We also experienced fluctuation in demand from some of our major customers during the Track Record Period. We cannot guarantee that our major customers will continue to adopt our products and services or will not reduce their usage of our products and services. The loss of one or more major customers or a reduction in usage by any major customers could have a significant adverse impact on revenue.

Our relating business concentration on these customers exposes us to risks, including lack of bargaining power to maintain or increase our service price and difficulties to replace these customers. If our major customers cease to procure services from us, there can be no assurance that replacement customers can be secured on terms that are favorable to us, if at all. Even if we identify replacement customers and on similar terms, we may incur substantial costs and face diversion of management and financial resources, which may materially and adversely affect our business operation and financial position.

We may grow and expand our international operations, which may expose us to significant risks.

We may further expand our operations and client base worldwide. We currently have subsidiaries in the United States and Singapore and we plan to expand to other overseas markets. We may continue to adapt to and develop strategies to address international markets but there is no guarantee that such efforts will have the desired effect. As a result, we may be required to devote significant management attention and financial resources worldwide. In connection with such expansion, we may face difficulties including increased competition, uncertain enforcement of our intellectual property rights, unfamiliar market conditions, credit and collectability risk on our trade receivables, the complexity of compliance with laws and regulations, potential adverse movement of currency exchange rates, tariffs and trade barriers,

regulatory or contractual limitations on our ability to operate, political risks and a geographically and culturally diverse workforce and client base. Failure to overcome any of these difficulties could harm our business.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, and conduct our sales and marketing activities in a cost-effective manner or we are subject to limitations in promoting our products and services, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brand is critical to maintain and expand our business, which depend largely on our ability to continue to provide well-designed, useful, reliable and innovative products and services, which we cannot assure you we will succeed.

We believe that brand recognition will become increasingly important as competition in our market intensifies. In addition to our ability to provide reliable and useful products and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We primarily market our products and services through our sales and marketing force, and a number of free traffic sources including developers' communities. We intend to continue such efforts in maintaining and expanding our business, but we cannot assure you that our selling and marketing expenses will not increase substantially. In addition, we cannot assure you that an increase in selling and marketing expenses will lead to an increase in revenue, and even if it did, such increase in revenue might not be sufficient to offset the expenses incurred.

We implement product-led growth and developer-friendly strategies to attract customers. We attract developers to use our products and services by participating in open-source community events and providing open-source integrations. If we fail to conduct our sales and marketing activities in a cost-effective way, we may incur considerable marketing expenses, which could adversely affect our business and operating results. Additionally, our brand promotion and marketing activities may not be effective and may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches for cloud computing services in China are evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and client preferences. Failure to introduce new marketing approaches in an efficient and effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability.

Economic sanctions, export control and other trade restrictions imposed on Chinese companies may affect our business, financial condition and results of operations.

Our operations may be negatively affected by economic sanctions, export control and other trade regulations administered by foreign government authorities, including those implemented by the U.S. Department of the Treasury's Office of Foreign Assets Control, that directly or indirectly affect China-based technology companies. If we fail to comply with these

laws and regulations, we and certain of our employees could be subject to potential civil or criminal penalties, including the possible loss of export privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers. Any change in export control or economic sanctions regulations, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could also result in decreased use of our products and services, which could adversely affect our business, results of operations, financial condition, and prospects.

For example, the U.S. government has recently issued guidances and imposed licensing requirements regarding the use, transfer or export of certain integrated circuits and related products. The U.S. government may impose further restrictions in the future on the use or acquisition of such products, as well as on related cloud computing, artificial intelligence, or data security activities. If we inadvertently acquire, use or resell restricted products in violation of U.S. export control laws, we could face significant regulatory and legal risks. These could include liability for violations, penalties, restrictions on our business operations, or heightened scrutiny from regulators. We may also encounter additional compliance challenges or restrictions on transactions with certain customers, business partners or suppliers, potentially adversely affecting our business, financial condition and results of operations.

In addition, on October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "Final Rule"), which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "covered activities." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in "covered foreign persons," which are defined as "covered transactions," and include acquisitions of equity interests and contingent equity interests, certain debt financing, greenfield and brownfield investments, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China in certain sectors, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers, including us.

Economic sanctions and export control laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are beyond control or heightened by national security concerns. Such potential restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our products and services, result in negative publicity, require significant management time and

attention and subject us to fines, penalties or orders that we cease or modify our existing business operations, any of which may have a material and adverse effect on our business, financial condition and results of operations.

Activities of our clients or the content on their websites and other internet properties could subject us to liability.

Activities of our clients or the content on their websites and other internet properties could cause us to experience significant adverse legal, business and reputational consequences with clients, employees, suppliers, government entities and other third parties. Our clients may use our products and services in violation of applicable laws or in violation of our terms of service or the client's own policies. The existing laws relating to the liability of providers of online products and services for activities of their users are highly unsettled and in flux both within China and internationally. As a provider of cloud computing services, we may be subject to lawsuits and liability arising from the conduct of our clients from time to time if they use our services to store or process data in violation of relevant laws and regulations. Additionally, the conduct of our clients may subject us to regulatory enforcement actions and liability. There can be no assurance that we will not face litigation or regulatory enforcement actions in the future or that we will prevail in any litigation we may face. An adverse decision in one or more of these lawsuits or enforcement action could materially and adversely affect our business, results of operations, and financial condition.

Litigations may subject us to claims arising from activities of our clients and content on their websites for large potential damages based on a significant number of online occurrences under statutory or other damage theories. Such claims may result in liability that exceeds our ability to pay. Even if claims against us are ultimately unsuccessful, defending against such claims will increase our legal expenses and divert management's attention from the operation of our business, which could materially and adversely impact our business and results of operations.

Policies and laws in this area remain highly dynamic, and we may face additional theories of intermediary liability in various jurisdictions. For example, the European Union approved a copyright directive that will impose additional obligations on online platforms and failure to comply could give rise to significant liability. Other new laws like this may also expose internet companies like us to significant liability. We may incur additional costs to comply with these new laws, which may have an adverse effect on our business, results of operations, and financial condition.

Our business depends substantially on the continuing efforts of our management and other key personnel. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.

Our future success depends heavily on the continued contributions of our senior management, many of whom are difficult to replace. In particular, we rely on the professional expertise, strong technical abilities and commercialization skills of our core management team.

If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key employees. We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity or harm our reputation. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We may fail to obtain or maintain all required licenses, permits and approvals to operate our business.

Our business and operations are subject to extensive regulations. We are required to obtain and maintain various licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business, especially in connection with our provision of value-added telecommunication services. We have obtained all necessary value-added telecommunication licenses to cover all business activities we conduct. However there can be no assurance that we will include all value-added telecommunication business conducted by us into the authorized scope of our value-added telecommunication licenses in a timely manner, and that the relevant PRC governmental authority will not interpret certain value-added telecommunication services and their respective license requirements in a different way from ours. As we have been continually expanding into new business operations in the area of value-added telecommunication services, and the interpretation and application of existing PRC laws and regulations and possible new laws and regulations relating to our business are evolving rapidly, we cannot assure you that we will obtain, maintain or renew all the approvals, permits or licenses required for conducting our business in China or areas where we operate going forward in a timely manner, or at all. The PRC governmental authorities may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties. Any of these actions may have a material adverse effect on our business, results of operations and financial condition.

If we fail to implement and maintain effective risk management and internal control systems, we may be unable to accurately report our results of operations or prevent fraud, and [REDACTED] confidence may be materially and adversely affected.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, as well as to continue to improve these systems. See "Business—Risk Management and Internal Control." The effectiveness of our risk management and internal control systems depend on the implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may lead to inaccurate reporting of our results of operations. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

We and our business partners with which we collaborate are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

Our business operations are subject to various laws and regulations, including anti-bribery and anti-corruption laws and regulations, which prohibit companies and their intermediaries from making improper payments or other benefits to governments or other parties for the purpose of obtaining or retaining business. In addition, we have limited ability to control or anticipate the actions of our clients, either during their use of our products or services or otherwise. We explicitly prohibit our clients from using our cloud products or services for illegal activities. If our clients use our cloud products or services as a conduit for illegal activities, we may be subjected to investigation or penalty from the relevant government authorities. In addition, other clients and the public may not consider our cloud products or services to be safe and we may receive negative publicity. Under certain circumstances, we may be subject to significant legal liabilities under applicable laws and regulations.

In addition, while we have adopted and implemented internal controls and procedures to monitor both internal and external compliance with anti-bribery and anti-corruption laws, regulations and policies, we cannot guarantee that such internal controls and procedures will always be effective in preventing non-compliance and exculpating us from penalties or liabilities that may be imposed by relevant governmental authorities due to violations committed by our employees or our business partners. We may be subject to investigations and proceedings by governmental authorities for alleged violations of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial condition and results of operations. If any of our subsidiaries, Consolidated Affiliated Entities or employees engage in fraudulent, corrupt or

other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Misconduct and omissions by our directors, senior management, shareholders, employees or business partners could harm our business and reputation.

Misconduct and omissions by our directors, senior management, shareholders and employees could subject us to lawsuits, liability or negative publicity. There can be no assurance that our directors, senior management, shareholders and employees will not engage in misconducts or omissions. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perception of conflicts of interest and rumors could severely damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our clients away from us, and materially and adversely affect our business, financial condition and results of operations. There may also be negative publicity associated with litigation that could decrease market acceptance of our products and services, regardless of whether the allegations are valid or whether we are ultimately found liable.

Similarly, misconduct by our business partners, such as our customers and suppliers, could subject us to disruption of business, lawsuits, negative publicity or liability. We cannot assure you our business partners providers will not engage in misconducts or omissions. Any misconduct by our business partners may affect our operations and reputation, which may in turn affect our business, results of operations and financial condition.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may have a material adverse effect on our business operations, financial condition and results of operations.

Natural disasters, power shortages, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. These regions may be under the threat of typhoon, tornado, snowstorm, earthquake, flood, drought, power shortages or failures, or are susceptible to epidemics, such as COVID-19, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe infectious disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could therefore materially affect our operations. Acts of war or terrorism, riots or disturbances may also cause injury or loss of lives to our employees and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment and materially and adversely impact our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses, and our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. Given the absence of regulatory requirement and the level of our operational risks, we had not obtained any business liability or disruption insurance to cover our operations as of the Latest Practicable Date. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Our lease agreements were not registered with the relevant government authorities, which may expose us to potential fines.

Pursuant to relevant PRC regulations, parties to lease agreements are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we failed to register six lease agreements under which we are the tenant. As advised by our PRC Legal Advisor, the failure to register the lease agreement does not affect the validity of the lease agreement under the relevant PRC laws and regulations. However, we may be required by relevant government authorities to file the lease agreement to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses. We cannot assure you that the other parties to our lease agreement will be cooperative and that we can complete the registration of this lease agreement and any other lease agreements that we may enter into in the future.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC governmental authorities recognize that the Contractual Arrangements for operating of our businesses in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the internet and other related businesses, such as the provision of value-added telecommunication services.

We were incorporated in the Cayman Islands as an exempted company with limited liability, and Shanghai DAO, our wholly owned PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct substantially all of our business in China through our Consolidated Affiliated Entities based on the Contractual Arrangements which enable us to (i) have the power to direct the activities that most

significantly affect the economic performance of our Consolidated Affiliated Entities, (ii) receive all of the economic benefits from the Consolidated Affiliated Entities and (iii) have an exclusive option to purchase all or part of the assets of the Consolidated Affiliated Entities and equity interests in the Consolidated Affiliated Entities held by the relevant shareholders when and to the extent permitted by PRC laws, or request any relevant shareholders to transfer any or part of the equity interest in the Consolidated Affiliated Entities to another person or entity designated by us at any time at our discretion. Because of these Contractual Arrangements, we are the primary beneficiary of the Consolidated Affiliated Entities, and we consolidate their financial results into ours. Our Consolidated Affiliated Entities hold certain licenses, approvals and assets that are essential to our business operations.

We believe that our corporate structure and the Contractual Arrangements does not violate the current applicable PRC laws and regulations. Our PRC Legal Advisor, based on its understanding of the relevant laws and regulations, is of the view that each of the agreements under the Contractual Arrangements through which we control the Consolidated Affiliated Entities is valid, legal and binding. However, we cannot assure you that PRC governmental authorities, including the MOFCOM, the MIIT or other competent authorities would agree that our corporate structure or any of the above Contractual Arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. There are no specific PRC laws and regulations governing contractual arrangements and the court, arbitration tribunal and the relevant governmental authorities in Cayman Islands, Hong Kong or other countries and regions may have broad discretion in interpreting these contractual arrangements. If our corporate structure and the Contractual Arrangements are deemed by governmental authorities having competent authority to be illegal, either in whole or in part, we may lose control of our Consolidated Affiliated Entities and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can modify our corporate structure without causing material disruptions to our business. Further, if our corporate structure and the Contractual Arrangements are found to be in violation of any existing or future laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations including, without limitation:

- Revoking our business and operating licenses;
- Discontinuing or restricting our operations;
- Imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- Imposing conditions or requirements with which our PRC subsidiary or our Consolidated Affiliated Entities may not be able to comply;
- Requiring us to restructure our ownership structure or operations, including terminating the Contractual Arrangements with our Consolidated Affiliated Entities and deregistering the equity pledge of the Consolidated Affiliated Entities;

- Restricting or prohibiting our use of the [**REDACTED**] of the [**REDACTED**] 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 disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of our Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our corporate structure and Contractual Arrangements to be in violation of PRC laws, regulations and rules. If any of these penalties results in our inability to direct the activities of the Consolidated Affiliated Entities that most significantly impact their economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with IFRS, thus significantly and adversely affect our results of operations.

The interpretation and implementation of the Foreign Investment Law may impact the viability of our current corporate structure, corporate governance and business operations.

The consolidated affiliated entity structure has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment prohibition in China. The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015, according to which, consolidated affiliated entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately "controlled" by foreign investors.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL 2019"), which was approved by the National People's Congress of the PRC on March 15, 2019, and its implementing regulations do not explicitly stipulate that the "foreign investment" as defined thereunder shall include contractual arrangements. There is a possibility that future laws, administrative regulations or provisions prescribed by the State Council may classify contractual arrangements as a form of foreign investment. In such an event, it remains uncertain whether the contractual arrangements would be deemed to be in violation of the foreign investment access requirements and how contractual arrangements would be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. If future laws, administrative regulations or provisions prescribed by the relevant legislative and administrative agencies mandate further actions to be completed by the Consolidated Affiliated Entities, in the extreme case scenario, we may be required to unwind the Contractual Arrangements and/or dispose of the Consolidated Affiliated Entities. For details of the FIL 2019, see "Contractual Arrangement—Development in the PRC Legislation on Foreign Investment."

We rely on Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders for substantially all of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders to operate our business in China. These Contractual Arrangements, however, may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, our Consolidated Affiliated Entities and their shareholders could breach their Contractual Arrangements with us by, among other things, failing to conduct the operations of our Consolidated Affiliated Entities in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our Consolidated Affiliated Entities in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current Contractual Arrangements, we rely on the performance by our Consolidated Affiliated Entities and their shareholders of their obligations under the Contractual Arrangements to exercise control over our Consolidated Affiliated Entities. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of applicable laws, arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the applicable legal system. See "—Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on part of our business."

Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on part of our business.

If our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under the Contractual Arrangements, we could be limited in our ability to enforce the Contractual Arrangements that give us effective control over our business operations in China and may have to incur substantial costs and expend additional resources to enforce such arrangements. We cannot assure you that our Consolidated Affiliated Entities or any other related parties have performed or will perform all the obligations under the Contractual Arrangements in a timely manner, including, among others, the registration of the equity pledge with the relevant PRC government authorities, which would affect adversely our effective control over the Consolidated Affiliated Entities, our ability to conduct our business and our financial condition and results of operations. We may also have to rely on appropriate legal remedies, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interests in our Consolidated Affiliated Entities to us or our designee when we exercise the purchase option pursuant to these Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

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

Pursuant to the Contractual Arrangements, Shanghai DAO or its designated person(s) has the exclusive right to purchase all or any part of the assets of the Consolidated Affiliated Entities and the equity interests in the Consolidated Affiliated Entities held by the relevant shareholders at a nominal price, unless relevant governmental authorities or PRC laws require that another amount should be used as the purchase price, in which case the purchase price shall be the lowest amount under such requirement.

The equity transfer may be subject to the filings with the State Administration for Market Regulation of the PRC ("SAMR") and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by relevant tax authorities. Should the relevant tax authorities or other competent authorities order an increase in equity transfer price, tax amounts in relation to such equity transfer could be substantial.

The Contractual Arrangements are mainly governed by PRC law. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures, which could be different from those of other jurisdictions.

The agreements under the Contractual Arrangements are mainly governed by PRC law and provide for the resolution of disputes mainly 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, as applicable. There are limited precedents and formal guidance as to how contractual arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC law, which may thus limit our ability to enforce these Contractual Arrangements. 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 could result in additional expenses and delay. In the event we are unable to enforce these Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected.

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

We have designated individuals who are PRC nationals to be the shareholders of our Consolidated Affiliated Entities, with Ms. Lyu and Mr. Wang holding 60% and 40% equity interest of PPIO Shanghai, PPIO Shanghai holding 100% equity interest of Generative Era, respectively. The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us. These shareholders may not remain as shareholders of our Consolidated Affiliated Entities, and may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing Contractual Arrangements we have with them and our Consolidated Affiliated Entities, which would have a material and adverse effect on our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them, which may result in deconsolidation of our Consolidated Affiliated Entities. For example, the shareholders may be able to cause our agreements with our Consolidated Affiliated Entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that, when conflicts of interest arise, any or all of these shareholders will act in the best interests of our Company, or such conflicts will be resolved in our favor. These individuals may breach or cause the Consolidated Affiliated Entities to breach the existing contractual arrangements. If we cannot resolve any 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.

Contractual Arrangements we have entered into with the Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your [REDACTED].

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

We may lose the ability to use and benefit from assets held by our Consolidated Affiliated Entities that are material or supplementary to the operation of our business if any of our Consolidated Affiliated Entities goes bankrupt or become subject to dissolution or liquidation proceeding.

Pursuant to the Contractual Arrangements with our Consolidated Affiliated Entities, such entities may in the future hold certain assets that are material or supplementary to the operation of our business. If any of our Consolidated Affiliated Entities goes bankrupt and all or part of its assets become subject to liens or rights of creditors, we may be unable to continue some or all of our business activities we currently conduct through the Contractual Arrangement, which could materially and adversely affect our business, financial condition and results of operations. Under the Contractual Arrangements, our Consolidated Affiliated Entities may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If any of our Consolidated Affiliated Entities undergoes voluntary or involuntary liquidation proceedings, unrelated creditors may claim rights to some or all of their assets, thereby hindering our ability to operate part of our business, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

Changes in regulatory policies where we operate could have impact on our business, financial condition and results of operations.

Most of our assets and operations are located in China. As a result, our business may be subject to risks associated with changes of legal and economic environment, including but not limited to future regulatory, policy and legislative developments, each of which could adversely impact our business, results of operations and financial condition.

The PRC governmental authorities have implemented measures emphasizing the utilization of market forces for economic reform and the establishment of improved corporate governance in business enterprises, and such measures and policies relating to such measures are evolving and subject to change. The PRC governmental authorities have also implemented various measures to encourage economic growth and guide the allocation of resources. We cannot assure you that all measures which benefit the overall Chinese economy will have a positive effect on us.

The successful operations of our business and our growth depend upon the internet infrastructure and telecommunication network in the PRC.

Our business depends on the performance and reliability of the internet infrastructure in China. We may not have access to alternative networks in the event of disruptions, failures or other problems with China's internet infrastructure. Chinese or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could

require us to modify our products and services in order to comply with these changes. These changes could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based products and services such as ours.

Moreover, our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in China and other countries and regions in which we operate or locate our assets. Substantially all access to the internet in China is maintained through certain telecommunication operators under administrative and regulatory supervision of the MIIT. In addition, the national networks in China are connected to the internet through qualified international gateways, which are the only channels through which a domestic user can connect to the internet outside of China. We may face similar or other limitations in other countries and regions in which we operate or locate our assets. We may not have access to alternative networks in the event of disruptions, failures or other problems with the internet infrastructure in China or elsewhere.

In addition, with the rapid development of China's internet industry, the demand for internet infrastructure and the use of telecommunication networks are increasing. The failure of telecommunication network operators to provide us with the requisite computing resources could also interfere with the speed and availability of our products and services. We have no control over the costs of the services provided by telecommunication network operators. If the prices that we pay for telecommunication and internet services rise significantly, our gross profit margins could be adversely affected. In addition, if internet access fees or other charges to internet users increase, our user traffic may decrease, which in turn may significantly decrease our revenues.

It may be difficult to effect service of process upon us or our management that reside in China or to enforce any judgments against them or us in China obtained from foreign courts.

Our operating subsidiaries and Consolidated Affiliated Entities are incorporated in China. Substantially all of our management reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of certain other jurisdictions. Therefore, it may be difficult for [**REDACTED**] to effect service of process upon us or our management inside China.

On July 14, 2006, mainland China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("Arrangement"), which came into effect on August 1, 2008. Pursuant to the Arrangement, a party with an enforceable final court judgment rendered by any designated people's court in mainland China or any designated Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the relevant people's court in

mainland China or Hong Kong Special Administrative Region court. Similarly, a party with an enforceable final judgment rendered by a people's court in mainland China requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement, in which a Hong Kong Special Administrative Region court or a people's court in mainland China is expressly identified as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a Hong Kong Special Administrative Region court's verdict in the PRC if the parties to the dispute did not agree to a written choice of court agreement. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong Department of Justice entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024 but remained applicable to a "written choice of court agreement" entered into before the New Arrangement taking effect. However, there can be no assurance that all final judgments will be recognized and effectively enforced by the relevant courts.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other western jurisdictions or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders or to service any debt we may incur. If any of our PRC subsidiary incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiary may pay dividends only out of their respective accumulated profits as determined in accordance with PRC laws, regulations and accounting standards. In addition, a wholly foreign-owned enterprise is required to set aside 10% of its accumulated after-tax profits, if any, to fund a certain statutory reserve fund, until the aggregate amount of

such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund.

The People's Bank of China and the SAFE promulgated a series of measures, including strict vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. More restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could adversely limit our ability to effectively expand, make investments or acquisitions that could be beneficial to our business, pay dividends to our [**REDACTED**], perform other obligations to our suppliers, or otherwise fund and conduct our business.

Any future dividend income from our PRC subsidiary may be subject to a higher rate of withholding tax than that which we currently anticipate.

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is the beneficial owner of the PRC-sourced income and we have obtained the approval of the competent tax authority. On February 3, 2018, the State Administration of Taxation issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》), or Circular 9, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available.

Regulations on currency exchange may limit our ability to utilize our future revenue effectively.

The conversion of Renminbi is subject to applicable laws and regulations in China. A portion of our future revenue will be denominated in Renminbi. Our inability to obtain sufficient foreign currency could have an impact on the ability of our PRC subsidiary to remit

foreign currency to our foreign entities and to make dividend or other payments to our foreign entities, or to repay obligations denominated in foreign currencies. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but requires approval from or registration with appropriate government authorities or designated banks under the "capital account," which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiary may purchase foreign currency for settlement of "current account transactions" without the approval of SAFE by complying with certain procedural requirements. Our ability to purchase foreign currency in the future for "current account transactions" is subject to possible changes in regulations from time to time. Since a portion of our revenue is denominated in Renminbi, any existing and future normative management on currency exchange may impact our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares.

Regulations on currency conversion, loans to, and direct investment in, PRC entities by offshore holding companies may delay us from making loans or additional contributions to our PRC subsidiary, which could impact our ability to utilize the [REDACTED] from the [REDACTED] effectively and affect our ability to fund and expand our business.

The PRC has regulations governing the conversion of foreign currencies into Renminbi. Under China's existing foreign-exchange regulations, foreign-exchange transactions under capital accounts continue to be subject to normative management. In particular, if one subsidiary receives foreign-currency loans from us or other foreign lenders, these loans must be registered with SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with certain government authorities, including the SAMR or its local counterparts.

SAFE promulgated the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("SAFE Circluar 19"), effective in June 2015 and amended in December 2019. According to SAFE Circular 19, the flow and use of 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 (unless permitted by the scope of business license) the repayment of inter-enterprise loans or the repayment of Renminbi banks loans that have been transferred to a third party. SAFE promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("SAFE Circular 16"), effective on June 9, 2016 and amended on December 4, 2023, which reiterates some of the rules set forth in SAFE 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 (unless explicitly permitted by the scope of business license). SAFE promulgated the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外

匯管理局關於進一步促進跨境貿易投資便利化的通知》) ("SAFE Circular 28"), effective on October 23, 2019 and amended on December 4, 2023. Pursuant to SAFE Circular 28, foreign invested enterprise engaged in non-investment business are further permitted to use Renminbi converted from foreign currency-denominated capital for equity investments in China on the condition that the domestic investment is genuine compliance, does not violate the current negative list on foreign investment. Considering that these circulars are relatively new, it is unclear how they will be implemented.

Violations of SAFE Circular 19, SAFE Circular 16 and SAFE Circular 28 could result in severe monetary or other penalties. We cannot assure you that we will be able to complete the necessary registrations or obtain the approvals on a timely basis, if at all, with respect to future loans or capital contributions to our PRC subsidiary and conversion of such loans or capital contributions into Renminbi. If we fail to complete such registrations or obtain such approvals, we may not be able to capitalize or otherwise fund our PRC operations in a timely manner, which could adversely affect our ability to fund and expand our business.

Any failure by the Shareholders or beneficial owners of our Shares who are PRC residents to comply with certain PRC Foreign Exchange Regulations relating to offshore investment activities by such PRC residents could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to complete registration procedures before engaging in direct or indirect offshore investment activities, including Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents Conducting Overseas Investment and Financing and Round-Trip Investments Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements, i.e. Foreign Exchange Administration Regulations of the People's Republic of China (《中國人民共和國外匯管理條例》), may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a

fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13, which came into effect on June 1, 2015 and was amended on December 30, 2019, pursuant to which, local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branch(es) of SAFE.

We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and regulations, however, we may not always be able to compel our Shareholders to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 may result in restrictions on the foreign exchange activities of our PRC subsidiary and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Option Rules, which replaced the earlier rules promulgated by SAFE in March 2007 and January 2008. Under the Stock Option Rules, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required, through domestic companies of such overseas publicly listed company by collectively appointing a PRC agency institution, to register with SAFE and complete certain other procedures. Such participants must also retain an offshore institution to be responsible for the unified processing in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC resident employees will be subject to the Stock Option Rules upon completion of the [**REDACTED**]. Failure of the PRC resident holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

We face possible changes to PRC laws and regulations relating to transfers by a non-PRC resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the PRC State Administration of Taxation issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-PRC Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or Circular 7, amended on December 29, 2017, which provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors are not subject to the PRC enterprise income tax pursuant to Circular 7 where such shares were acquired in a transaction through a public stock exchange. However, the sale of ordinary shares by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC enterprise income tax under Circular 7.

The application of Circular 7 will be determined in accordance with the applicable laws and regulations in force at the time. Circular 7 may be determined by the tax authorities to be applicable to the sale of the shares of our offshore subsidiaries or investments where PRC Taxable Assets are involved. Furthermore, we, our non-PRC resident enterprises and PRC subsidiary may be required to spend valuable resources to comply with Circular 7 or to establish that we and our non-PRC resident enterprises should not be taxed under Circular 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have an adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Circular 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Circular 7, our income tax costs associated with such potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

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

Under the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. Under the Circular on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management (《國家税務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), issued and amended by the PRC State Administration of Taxation on April 22, 2009 and December 29, 2017, respectively, or Circular 82, dividends and other distributions paid by resident enterprises will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, Circular 82 specifies that certain China-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management operation; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and archives of minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. On July 27, 2011, the PRC State Administration of Taxation issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得税管理辦法(試行)》), or Bulletin 45, which became effective on September 1, 2011 and was amended on June 15, 2018, to further clarify certain issues related to determining PRC resident enterprise status, including which the competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Currently, some of the members of our management team as well as the management team of some of our offshore holding companies are located in China. However, Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. Without further issuing the detailed implementation regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are PRC resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise.

Despite the foregoing, the SAT may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises.

Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45, dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiary to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, the EIT Law and its implementing rules issued by PRC tax authorities provide that dividend paid by us to our non-PRC shareholders and, while less clear, capital gains recognized by them with respect to the sale of our Shares may be subject to tax of 10% for non-PRC resident enterprise shareholders and 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at the source.

The M&A Rules and certain other regulations establish relevant procedures for some acquisitions of Chinese companies by foreign investors, which could intensify the difficulties for our acquisitions in China.

The M&A Rules and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, further regulate the merger and acquisition activities by foreign investors, including requirements, in some instances, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the SAMR shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns, and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns, are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review. 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 procedure, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

RISKS RELATING TO THE [REDACTED]

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

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

The [REDACTED] of the Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with similar business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the [**REDACTED**] of, and [**REDACTED**] for our Shares. The [**REDACTED**] performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our Shares. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of us may negatively affect the attitudes of [**REDACTED**] towards us, regardless of whether such news are true. Furthermore, a portion of our Shares may be [**REDACTED**] by short sellers, which may further increase the volatility of the [**REDACTED**] of our Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and volatility of our Shares, regardless of our actual operating performance.

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

As the [**REDACTED**] of our Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if we issue additional shares in the future to raise additional capital.

We have adopted the [**REDACTED**] Global Share Plan. See "Appendix IV—Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan." Any options or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders' shareholding interest in our Company and a reduction in earnings per Share.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, substantial Shareholders and [REDACTED] Investors, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, substantial Shareholders and [**REDACTED**] Investors, or the perception or anticipation of such sales, could negatively impact the [**REDACTED**] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. We cannot assure you that our Directors, substantial Shareholders and [**REDACTED**] Investors will not dispose of any Shares they may own now or in the future.

We may not be able to pay any dividends on our Shares.

Since our inception, we have not declared or paid any dividends on our Shares. We cannot guarantee when and in what form dividends will be paid on our Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and other general operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares.

Investors may experience difficulties in enforcing shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws 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 English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above,

Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to the distributed cloud computing service industry. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the [**REDACTED**], the [**REDACTED**], the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

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

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their decisions as to whether to invest in our [**REDACTED**]. By applying to purchase our Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**].

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

For the purpose of the [**REDACTED**], we have sought the following waivers from the Stock Exchange and the SFC in relation to certain requirements from the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Given that we are headquartered in the PRC with our principal business operation principally located, managed and conducted in the PRC and all of our executive Directors are not ordinarily resident in Hong Kong, it would be practically difficult and commercially unfeasible for us to either relocate two of our executive Directors to Hong Kong or to appoint two additional executive Directors who are ordinarily resident in Hong Kong in order to comply with the requirements under Rule 8.12 of the Listing Rules. Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from compliance with the requirements under Rule 8.12 of the Listing Rules on the following conditions:

- our Company will appoint two authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules, namely, Mr. Li Zhe, an executive Director, and Ms. Chu Wan, one of our joint company secretaries, who will act as our Company's principal channel of communication with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable timeframe upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the Authorized Representatives is authorized by our Board to communicate on behalf of our Company with the Stock Exchange. Our Company [has been registered] as a non-Hong Kong company under Part 16 of the Companies Ordinance, and Mr. Chow Shing Lung has been authorized to accept service of legal process and notice in Hong Kong on behalf of our Company;

- each of the Authorized Representatives has the means to contact all members of our Board (including the independent non-executive Directors) and our senior management team promptly at all times as and when the Stock Exchange wishes to contact them or any of them for any matters. To enhance the communication between the Stock Exchange, the Authorized Representatives and our Directors, our Company will implement a number of policies whereby (i) each Director shall provide his/her mobile phone number, office phone number and email address to the Authorized Representatives; (ii) in the event that such Director expects to travel and be out of office, he/she shall provide the phone number of the place of his/her accommodation to the Authorized Representatives; and (iii) all our Directors and the Authorized Representatives will provide their respective mobile phone numbers, office phone numbers and email addresses to the Stock Exchange. We shall promptly inform the Stock Exchange of any changes to the contact details of the Authorized Representatives and our Directors;

- Shenwan Hongyuan Capital (H.K.) Limited has been appointed as our Company's compliance advisor ("**Compliance Advisor**"), pursuant to Rule 3A.19 of the Listing Rules, to provide our Company with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to the Authorized Representatives, as our Company's additional channel of communication with the Stock Exchange for the period commencing on the [**REDACTED**] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules and publishes its annual report in respect of its first full financial year commencing after the [**REDACTED**]. The contact person of the Compliance Advisor will be fully available to answer enquiries from the Stock Exchange;

- each of our Directors (including independent non-executive Directors) who is not ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange in Hong Kong upon reasonable notice; and

- our Company will also appoint other professional advisors (including its legal advisors in Hong Kong) after the [**REDACTED**] to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- a member of The Hong Kong Chartered Governance Institute;

- a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

- a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing "relevant experience", the Stock Exchange will consider the individual's:

- length of employment with the issuer and other issuers and the roles he/she played;

- familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and The Codes on Takeovers and Mergers and Share Buy-backs;

- relevant training taken and/or to be taken in addition to the minimum requirements under Rule 3.29 of the Listing Rules; and

- professional qualifications in other jurisdictions.

Chapter 3.10 of the Guide For New Listing Applicants provides that Rule 3.28 waiver, if granted, will be for a fixed period of time and on the following conditions: (i) the company secretary who does not have the qualification and experience required must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the the period as stipulated above; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

We have appointed Ms. Chu Wan as one of our joint company secretaries. Ms. Chu is our Finance Director and has been assisting the chairman of our Board in handling various finance and corporate matters for years but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules. Thus, Ms. Chu may not be able to fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Chow Shing Lung, a solicitor of the High Court of Hong Kong and an associate of The Hong Kong Chartered Governance Institute (previously known as The Hong Kong Institute of Chartered Secretaries), who fully meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary of our Company. Mr. Chow will provide assistance to Ms. Chu for an initial period of three years from the [**REDACTED**] to enable Ms. Chu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Further, both the Compliance Advisor and the Hong Kong legal advisor of our Company will assist Ms. Chu in relation to Hong Kong corporate governance practices and regulatory compliance, ongoing compliance obligations under the Listing Rules and the applicable laws and regulations as and when required. In addition, Ms. Chu will endeavor to comply with the requirement under Rule 3.29 of the the Listing Rules by attending not less than 15 hours of relevant professional trainings annually and familiarize herself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange.

Before the expiration of the initial three-year period, the qualifications of Ms. Chu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance will continue. It is expected that Ms. Chu will be able to fulfill all the requirements stipulated at the end of the initial three-year period.

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

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules for an initial period of three years from the [**REDACTED**] (the "**Waiver Period**"), and [has been granted] on the conditions that (i) we engage Mr. Chow, who possesses all the requisite qualifications under Rule 3.28 of the Listing Rules, to assist Ms. Chu in discharging her duties as a joint company secretary and in gaining the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules throughout the Waiver Period; (ii) the waiver will be revoked immediately if there are material breaches of the Listing Rules by our Company or if Mr. Chow ceases to provide assistance to Ms. Chu during the Waiver Period; and (iii) Ms. Chu will comply with the requirement under Rule 3.29 of the the Listing Rules by attending not less than 15 hours of relevant professional trainings annually.

WAIVER AND EXEMPTION IN RELATION TO THE [REDACTED] GLOBAL SHARE PLAN

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the share options granted by our Company (the "**Share Option Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon [**REDACTED**] as well as the impact on the earnings per share arising from the exercise of such outstanding options.

(b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

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

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

The Company has adopted the [**REDACTED**] Global Share Plan. As of the Latest Practicable Date, the Company had granted outstanding options under the [**REDACTED**] Global Share Plan to 111 grantees to subscribe for an aggregate of 70,845,413 Shares and if exercised in full, representing approximately 4.30% of the issued share capital of our Company immediately before completion of the [**REDACTED**] and approximately [**REDACTED**]% of the issued share capital of our Company immediately upon completion of [**REDACTED**] without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**]. For further details of our [**REDACTED**] Global Share Plan, please refer to the section headed "Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan" in Appendix IV to this document. The Company will not grant any further options under the [**REDACTED**] Global Share Plan on or after the [**REDACTED**].

We have applied to: (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, regarding the Share Option Disclosure Requirements in connection with the disclosure of certain details relating to the options and certain grantees in this document on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) among all the 111 persons who hold outstanding options under the [**REDACTED**] Global Share Plan (the "**Grantees**"), only two Grantees are our Director or proposed Director, three Grantees are members of our senior management and one Grantee is a family member of our Director. The other 105 Grantees are either employees of our Group or service providers of our Company who are not Directors, members of senior management or connected persons of our Company;

(b) our Directors consider that it would be unduly burdensome to disclose in this document full details of all the options granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and preparation of this document for strict compliance with the Share Option Disclosure Requirements. For example, we would need to collect and verify the addresses of 111 Grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each Grantee, including their names, addresses and the number of options granted, may require obtaining consents from the Grantees in order to comply with personal data privacy laws and principles, and it would be unduly burdensome for our Company to obtain such consents given the number of Grantees;

(c) material information on the options has been disclosed in this document to provide prospective [**REDACTED**] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earning/(loss) per Share of the options in making their [**REDACTED**] decision, and such information includes: (i) a summary of the major terms of the [**REDACTED**] Global Share Plan; (ii) the aggregate number of 70,845,413 Shares subject to the options and the percentage of our Shares of which such number represents; (iii) the dilutive effect and the impact on earning/(loss) per Share upon full exercise of the options immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no Shares are issued under the [**REDACTED**] Global Share Plan); (iv) full details of the options granted to the Directors, proposed Directors, members of our senior management and connected persons (if any) of our Company, on an individual basis, are disclosed in this document, and such details include all the particulars required under the Share Option Disclosure Requirements; (v) with respect to the options granted to other Grantees (other than those referred to in (iv) above), the following details will be disclosed in this document, including the aggregate number of such Grantees and the number of 70,845,413 Shares subject to the options, the consideration paid for the grant of the options and the exercise period and the exercise price for the options; and (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC. The above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Chapter 3.6 of the Guide For New Listing Applicants issued by the Stock Exchange;

(d) the six Grantees, who are Director, proposed Director, members of senior management or connected persons of our Company, have been granted with options under the [**REDACTED**] Global Share Plan to acquire an aggregate of 14,242,430 shares, representing [**REDACTED**]% of the issued share capital of our Company immediately after the completion of the [**REDACTED**] without taking into account Shares that may be issued pursuant to the exercise of the [**REDACTED**] and the options granted under the [**REDACTED**] Global Share Plan, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;

(e) strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of 105 Grantees without reflecting the materiality of the information does not provide any additional meaningful information to the investing public; and

(f) a full list of all the Grantees, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with "Appendix V—Documents Delivered to the Registrar of Companies and Available on Display—Document available for inspection" in this document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public.

The Stock Exchange [has granted] to our Company a waiver from strict compliance with the Share Option Disclosure Requirements with respect to the options granted under the [**REDACTED**] Global Share Plan on the conditions that:

(a) on an individual basis, full details of the outstanding options granted under the [**REDACTED**] Global Share Plan to each of the Directors, proposed Directors, members of our senior management and connected persons (if any) of our Company, will be disclosed in "Appendix IV—Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan" as required under the Share Option Disclosure Requirements;

(b) in respect of the options under the [**REDACTED**] Global Share Plan granted to the remaining Grantees (being the other Grantees who are not our Directors, proposed Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, categorized into lots based on the number of shares of our Company underlying each individual grantee, being (1) 1 to 59,999; (2) 60,000 to 99,999; and (3) 100,000 to 3,199,999. For each lots of share, the following details are disclosed in this document, including (A) their aggregate number of grantees and number of shares underlying the options granted under the [**REDACTED**] Global Share Plan, (B) the consideration (if any) paid for the grant of the options under the [**REDACTED**] Global Share Plan, and (C) the exercise period of the options and the exercise price of the options granted under the [**REDACTED**] Global Share Plan;

(c) the aggregate number of 70,845,413 shares of the Company underlying the outstanding options granted under the [**REDACTED**] Global Share Plan and the percentage of our Company's total issued share capital represented by such number of shares as of the Latest Practicable Date will be disclosed in this document;

(d) the dilution effect and impact on earning/(loss) per Share upon the full exercise of the outstanding options under the [**REDACTED**] Global Share Plan will be disclosed in "Appendix IV—Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan";

(e) a summary of the major terms of the [**REDACTED**] Global Share Plan will be disclosed in "Appendix IV—Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan";

(f) the particulars of the waiver will be disclosed in this document which will be issued on or before [**REDACTED**];

(g) a list of all the Grantees (including those persons whose details have already been disclosed) containing all the particulars as required under the Share Option Disclosure Requirements will be made available for public inspection in accordance with "Appendix V—Documents Delivered to the Registrar of Companies and Available on Display—Document available for inspection"; and

(h) the SFC agreed to grant to our Company a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(a) on an individual basis, the full details of the options granted by the Company to the Directors, proposed Director, members of our senior management, connected persons (if any) of the Company, including all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this document;

(b) in respect of the options under the [**REDACTED**] Global Share Plan granted to the remaining Grantees (being the other Grantees who are not our Directors, proposed Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, categorized into lots based on the number of shares of the Company underlying the outstanding options granted to each individual grantee, being (1) 1 to 59,999; (2) 60,000 to 99,999; and (3) 100,000 to 3,199,999. For each lots of share, the following details are disclosed in this document, including (A) their aggregate number of grantees and number of shares of the Company underlying the options granted under the [**REDACTED**] Global Share Plan, (B) the consideration (if any) paid for the grant of the options under the [**REDACTED**] Global Share Plan, and (C) the exercise period of the options and the exercise price of the options granted under the [**REDACTED**] Global Share Plan;

(c) a full list of all the Grantees, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with "Appendix V—Documents Delivered to the Registrar of Companies and Available on Display—Document available for inspection"; and

(d) the particulars of the exemption will be disclosed in this document which will be issued on or before [**REDACTED**].

WAIVERS IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

In order to conduct our business in the PRC in compliance with the applicable PRC laws and regulations, Shanghai DAO, our wholly-owned subsidiary, has entered into the Contractual Arrangements with the Consolidated Affiliated Entities and the Registered Shareholders. For further details of the Contractual Arrangements, please see "Contractual Arrangement" in this document. Given that the Registered Shareholders, namely Ms. Lyu and Mr. Wang, are connected persons of our Company, the transactions contemplated under the Contractual Arrangements and the Intragroup Transactions (as defined in "Contractual Arrangements" in this document) constitute continuing connected transactions of our Company upon [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, the requirement in relation to fixed term of not exceeding three years as set out under Rule 14A.52 of the Listing Rules and the requirement in relation to setting an annual cap in monetary term as set out under Rule 14A.53 of the Listing Rules for such continuing connected transactions.

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Yao Xin 姚欣先生	Room 1004, Building 4 Lane 718, Huamu Road Pudong New Area Shanghai, China	Chinese
Mr. Wang Wenyu 王聞宇先生	201, No. 11, Lane 1978, Yuqiao Road Pudong New Area Shanghai, China	Chinese
Mr. Li Zhe 李哲先生	Room 402, No. 2, Lane 340 Mudan Road, Pudong New Area Shanghai, China	Chinese
Non-executive Director		
Ms. Lyu Shanshan 呂姍姍女士	Room 1004, Building 4 Lane 718, Huamu Road Pudong New Area Shanghai, China	Chinese
Independent Non-executive Directors		
Ms. Ho Chui Ping Michelle 何翠萍女士	Flat F, 25/F, Block 1 Tsun King Road, Royal Ascot Sha Tin, New Territories Hong Kong	Chinese
Mr. Kong Jie 孔杰先生	Room 801, No. 5 Lane 28, Ouyang Road Hongkou District Shanghai, China	Chinese
Dr. Yao Xi 姚希博士	27C The Royal Tower Hillsborough Court 18 Old Peak Road, Mid-levels Hong Kong	Singaporean

Please see "Directors and Senior Management" in this document for further details.

Joint Sponsors

ICBC International Capital Limited
37/F., ICBC Tower
3 Garden Road
Hong Kong

Shenwan Hongyuan Capital (H.K.) Limited
Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

[**REDACTED**]

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong law* **Jia Yuan Law Office** Suites 3502-3503, 35/F Tower 1, Exchange Square 8 Connaught Place, Central Hong Kong *As to PRC law* **Jia Yuan Law Offices (北京市嘉源律師事務所)** Suite 3205, Building S1 The Bund Finance Center No. 600, Zhongshan No. 2 Road (E) Huangpu District, Shanghai PRC *as to Cayman Islands and BVI laws* **Maples and Calder (Hong Kong) LLP** 26th Floor, Central Plaza 18 Harbour Road, Wanchai Hong Kong
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law* **Linklaters** 11/F, Alexandra House Chater Road Hong Kong *As to PRC law* **Haiwen & Partners** 20/F, Fortune Financial Center NO. 5, Dong San Huan Central Road Chaoyang District Beijing
Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong

Industry Consultant

China Insights Consultancy
10/F Block B, Jingan International Center
88 Puji Road, Jingan District
Shanghai

[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Fifth Floor, Zephyr House 122 Mary Street, Georgetown P.O. Box 31493 Grand Cayman KY1-1206 Cayman Islands
Headquarters and Principal Place of Business in the PRC	Room 801, Puruan Building No. 2 Boyun Road Pudong New District Shanghai
Principal place of business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's website	**http://pplabs.com** *(information contained in this website does not form part of this document)*
Joint Company Secretaries	**Ms. Chu Wan** Room 801, Puruan Building No. 2 Boyun Road Pudong New District Shanghai **Mr. Chow Shing Lung** 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	Mr. Li Zhe Ms. Chu Wan
Audit Committee	Dr. Yao Xi *(Chairman)* Ms. Ho Chui Ping Michelle Mr. Kong Jie
Remuneration committee	Mr. Kong Jie *(Chairman)* Dr. Yao Xi Mr. Yao Xin

Nomination Committee	Mr. Yao Xin *(Chairman)* Ms. Ho Chui Ping Michelle Mr. Kong Jie
Compliance advisor	**Shenwan Hongyuan Capital (H.K.) Limited** Level 6, Three Pacific Place 1 Queen's Road East Hong Kong
	[**REDACTED**]
	[**REDACTED**]
Principal banks	**Citibank N.A., Hong Kong Branch** 3 Garden Road, Central, Hong Kong
	China Merchants Bank, Zhangjiang Sub-Branch Room 738, 7F, No.88, Keyuan Road Pudong New Area, Shanghai, China
	Ping An Bank Co., Ltd, Shanghai Huamu Sub-Branch No. 1108, 1112 (1st Floor), No. 1116 (1st Floor), Fangdian Road, Pudong New Area, Shanghai, China

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy ("CIC"). We engaged CIC to prepare an independent industry report in connection with the* [REDACTED] *(the "CIC Report"). The information from official government sources has not been independently verified by us, the Joint Sponsors,* [REDACTED]*,* [REDACTED]*,* [REDACTED]*, any of the* [REDACTED]*, any of their respective directors, supervisors, and advisors, or any other persons or parties involved in the* [REDACTED]*, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate.

OVERVIEW OF DISTRIBUTED CLOUD COMPUTING

Evolving Landscape of Cloud Computing

The scalability and flexibility of cloud computing have made it the "Third IT Revolution," following the earlier paradigm shifts introduced by personal computers and the internet. The shift of businesses to the cloud has become a global trend. As cloud computing infrastructure continues to evolve and technologies advance, cloud computing services are now integral to all aspects of modern life and productivity, forming the backbone of today's digital society.

Based on how computing resources are deployed, cloud computing can be divided into centralized and distributed models. Centralized cloud concentrates substantial computing power within a limited number of large-scale data centres, providing computing, storage, and network services to a broad base of customers from centralized locations. Characterized by high compute density, superior storage efficiency, and standardized operations, it served as the foundational infrastructure paradigm for early cloud computing. However, constrained by physical distance and architectural limitations, it often suffers from higher network latency and bandwidth bottlenecks, especially under high concurrency scenarios.

Distributed cloud, by contrast, spreads cloud resources across various layers of network and geographical areas, characterized by a large number of widely distributed compute nodes. By decentralizing resources and positioning them closer to end-users, it shortens data transmission distances and reduces latency. While distributed nodes tend to be more heterogeneous, less standardized and geographically dispersed than centralized ones, they can be optimized and integrated to provide cloud computing services with lower latency and higher concurrency compared to centralized cloud through technological methods.

The following table provides a detailed comparison of the characteristics between centralized and distributed cloud computing services.

	Centralized Cloud	Distributed Cloud
Characteristics of computing resources	Concentrated in large-scale data centers	Widely distributed and with a large number of compute nodes
Compute density	High	Low
Internet bandwidth	Bandwidth might hit bottlenecks especially under high-concurrency scenarios	Bandwidth bottlenecks are not significant on each node given the distributed feature
Latency	High latency	Low latency
Application scenarios	Non-real-time, long-cycle, compute-intensive tasks, such as historical data aggregation and statistical analysis, and AI training	Real-time, short cycle, less compute-intensive tasks, such as image and video transmission, live AR/VR interactions, and AI inference, which shows large demand for distributed cloud

Source: CIC

Emerging application scenarios, such as industrial IoT control, autonomous driving, live streaming, cloud gaming, AR/VR, etc., increasingly demand real-time computing capabilities, accompanied by the rapidly growing volume of data that require immediate processing. Centralized cloud architectures can no longer meet the low-latency, high-concurrency demands of modern data transmission and computing requirements. As a result, cloud computing architectures are gradually transitioning from centralized cloud to distributed cloud, usually featured by a mix of multiple cloud models. Such strategy is gaining increasing recognition and adoption as it enables more flexible and efficient resource orchestration.

Platform Model Mitigates Market Pain Points

Conventional distributed cloud computing service providers mostly rely on self-owned or long-term leased IDCs to serve customers. However, they often struggle with pain points such as relatively low average utilization rate, profitability, flexibility and scalability.

The mismatch between construction cycle and market demand. The construction of IDCs typically involves long-term planning and massive capital investments, often taking several years from project initiation to completion. This extended construction cycle makes the self-owned or long-term leasing model poorly suited to rapidly shifting market demands, resulting in frequent mismatches between supply and demand. For example, since 2024, the evolution of large-scale AI models has shifted computing power demand from training to inference. However, many AIDCs built over the past two years were designed for large-scale training tasks and are struggling to meet the requirements of inference tasks that seek cost-effectiveness and flexibility, which leads to a much lower utilization rate.

Volatile demand versus low scalability. Internet companies are the primary clients of IDC operators. However, rapid shifts in industry dynamics, coupled with demand fluctuations across different time slots and periods, make accurate demand forecasting challenging. Self-owned or long-term leased IDCs often face constraints in rapid scalability in computing resources, further limiting their ability to meet such volatile demand. This leads to frequent early lease terminations, prolonged vacancy gaps, unstable resource utilization, and ultimately impacts the operational efficiency and cost control for IDC operators.

Accelerated upgrades of infrastructure in the era of AI. The surge of AI infrastructure is accompanied by the unprecedented wave of AI and large language models in recent years. Unlike traditional CPUs with slower iterations in performance and architecture, GPUs tailored for AI tasks now see major architecture updates every 1-2 years. It forces many AIDC operators to prematurely decommission still-functional hardware to maintain up-to-date competitiveness, resulting in potentially large stocks of vacant GPUs that are still capable of handling ordinary computing tasks. This hardware churn undermines both capital efficiency and service continuity.

The challenges above led to a relatively low average utilization rate of IDCs, hovering between 50-70% globally. Coupled with the ever-increasing shipment of servers, especially millions of AI servers shipped globally each year, there is a significant amount of idle computing power that could be leveraged more effectively.

In response, a new model is gaining traction: platform-based distributed cloud computing. Platform-based providers do not own or lease IDC facilities long-term. Instead, they aggregate fragmented computing resources across multiple IDCs and AIDCs, leveraging sophisticated scheduling algorithms to deliver real-time access to optimal compute nodes. This model enables "peak shaving and valley filling" for regional computing resources, improving overall IDC resource utilization. It also aligns with recent government initiatives aimed at optimizing the national computing power infrastructure, enhancing cross-regional data flow and coordinated computing, and achieving a better balance between supply and demand for computing resources within regions.

In addition, some of these platforms excel at integrating small-scale distributed nodes, reaching lower-tier cities and more remote areas. This has added advantages of being closer to end customers, as well as the ability to use resources with cheaper electricity and or higher energy efficiency, further enhancing utilization, reducing cost, improving user experience and promoting sustainability.

The following table provides a comparison of the detailed characteristics between platform-based providers and self-owned or long-term leased providers.

	Platform-based	Self-owned or long-term leased
Scalability of resources	High scalability and flexibility in resource allocation; elastically scheduled resources can swiftly address user demands.	Fixed scalability and limited flexibility in resource allocation; unable to dynamically adjust resource allocation according to actual demands and may encounter service disruptions during peak demand.
Types of computing resources	Heterogenous computing resources; server and computing hardware and configurations can vary significantly across various resources.	Relatively standardized servers and similar computing hardware within the same resource location.
Maintenance difficulty	Difficult to place maintenance personnel or provide 24/7 management, given that the resources are geographically dispersed, heterogenous in nature and belong to different third parties.	Easier to place maintenance personnel, given that resources are centrally located and self-owned or long-term leased.
Profitability	Relatively high, with low operating expenditure enabling faster breakeven and flexibility.	Relatively low, with high initial investment or operating expenditure.

High Barriers to Platform Operation

Operating a distributed cloud computing platform presents significant entry barriers as follows, resulting in only a limited number of players in the cloud computing service market with the capability to compete.

Strong sourcing and integration capability. To build a wide-reaching computing power network and maximize resource efficiency, platforms must establish a large network of computing resource partners, with the ability to continuously source, connect and maintain a diverse range of computing resources. This also requires strong resource integration capabilities to coordinate and unify scattered infrastructure, especially those in lower-tier markets and remote regions.

Standardization of computing power. To manage geographically dispersed and heterogeneous computing resources with varying performance and specifications, platforms must enable standardized computing capabilities. This includes abstracting and virtualizing resources, standardizing communication protocols, orchestrating resources based on real-time performance monitoring, securing interoperability and data security across diverse resources, among others.

Real-time elastic scheduling management. Distributed cloud computing platforms must support real-time elastic scheduling to handle high-concurrency demands during traffic spikes. This requires a deep resource pool and sophisticated management systems capable of dynamically allocating and reclaiming resources based on workload fluctuations. Due to the non-standardized nature of distributed nodes, platforms must also incorporate resilient fault-tolerance mechanisms. For instance, predictive fault detection systems can proactively identify potential failures and automatically reroute traffic to healthy nodes, ensuring service continuity and a seamless user experience.

Typical Scenarios of Distributed Cloud Computing Services

Edge cloud computing services and AI cloud computing services comprise two representative scenarios of distributed cloud computing. Edge cloud computing services refer to cloud services delivered through edge nodes and are primarily run on CPU-centric servers. Key applications of edge cloud computing services include audio/video streaming, cloud games, rendering, industrial IoT, etc. AI cloud computing services quickly gained traction with the advent of the era of large language models and other AI models, which are designed to undertake distributed AI inference workloads with GPU servers.

OVERVIEW OF EDGE CLOUD COMPUTING SERVICES

Overview of Edge Cloud Computing Services

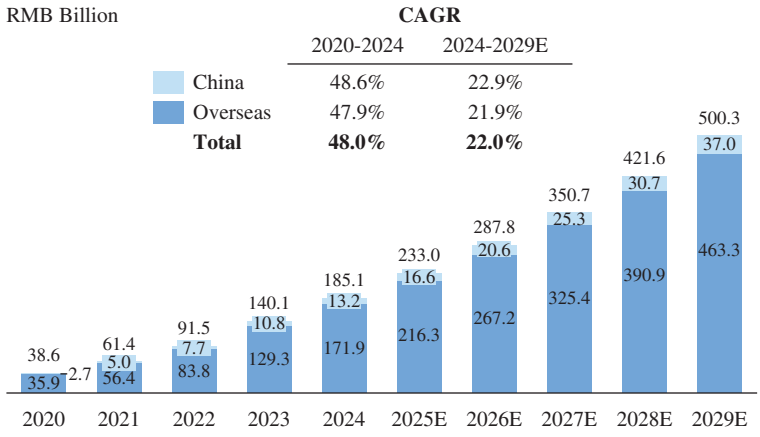
Edge cloud computing services bring computing resources and data storage closer to data source and user endpoints, in order to deliver low-latency, high-bandwidth, and cost-effective edge computing infrastructure solutions and computing services to customers.

Edge computing infrastructure solutions enable users to access geographically proximate edge servers, which could optimize data transmission paths compared to centralized cloud servers. This approach reduces bandwidth costs, eases the load on data centres, and delivers higher-performance of cloud computing resources.

Edge computing services optimize resource allocation with advanced scheduling algorithms and reduce reliance on centralized infrastructure, delivering faster and more stable service experiences for computing applications such as audio and video streaming, rendering, industrial control, and autonomous driving. This approach addresses the high real-time demands of these services while minimizing latency and ensuring reliability.

According to CIC, in terms of revenue, the size of the global edge cloud computing service market increased from RMB38.6 billion in 2020 to RMB185.1 billion in 2024, with a CAGR of 48.0% from 2020 to 2024, and is expected to reach RMB500.3 billion by 2029, with a CAGR of 22.0% from 2024 to 2029. Within this global landscape, the size of China's edge cloud computing service market increased from RMB2.7 billion in 2020 to RMB13.2 billion in 2024, with a CAGR of 48.6% from 2020 to 2024, and is expected to reach RMB37.0 billion by 2029, with a CAGR of 22.9% from 2024 to 2029.

Market size of global edge cloud computing service, by region, in terms of revenue, 2020-2029E



Source: CIC

Drivers of Edge Cloud Computing Services

Rising demand for real-time applications. With the widespread deployment of IoT devices and the growing adoption of AIGC applications across various scenarios, users are becoming increasingly sensitive to service chains that demand low latency and high bandwidth. Real-time use cases, such as audio/video streaming, online meetings, cloud gaming, and live streaming, urgently require more efficient connection and delivery. This rising demand is accelerating the development and deployment of distributed cloud computing services.

Surge in data generation. The exponential growth in data volumes, fueled by the proliferation of IoT devices and widespread use of AIGC applications, has led to increasingly complex data structures due to the diversity of data sources. Traditional centralized data processing models are struggling to meet modern demands. In contrast, distributed data processing frameworks are valued for their efficiency and flexibility, and are steadily becoming the mainstream solution in scenarios where their strengths are most applicable.

Advancements in cloud-native technologies. Cloud-native architectures, integrating containerization, serverless computing, and DevOps automation, among other new technological frameworks, enable more efficient application deployment and management across distributed cloud environments. These technologies significantly reduce the operational complexity of edge computing infrastructure, thereby accelerating the adoption of distributed cloud computing models.

Heightened data privacy and security requirements. Edge cloud architecture mitigates privacy and security risks by moving data processing and storage closer to the data source, minimizing long-distance transmission and reducing centralized data aggregation. At the same time, its distributed design avoids single points of failure, making it harder for attackers to identify and exploit concentrated targets. This enhances system-wide resilience and significantly strengthens protections for user privacy and information security.

Favorable government support. In recent years, the Chinese government has issued multiple strategic initiatives to support and accelerate the development of edge cloud computing services. The "East-to-West Computing Resource Transfer Project" ("東數西算"工程) has driven the cross-regional, collaborative allocation of computing resources, optimizing supply-demand matching between eastern and western regions and thereby providing strong foundational infrastructure for edge cloud computing architectures. *The Computing Power Interconnection Action Plan* (《算力互聯互通行動計劃》) has focused on constructing high-quality dedicated computing power networks to bolster cross-regional data flow, reducing both latency and operational costs between edge cloud compute nodes. *The Action Plan for "Pujiang Computing Power"—the New Data Center* (《新型數據中心"算力浦江"行動計劃》) targets regionally-focused computing resource allocation and green, low-carbon practices. It provides replicable benchmark models for local edge cloud deployments and enhancements in energy efficiency. Together, these policies, from overarching national coordination and network infrastructure support to regional implementation, have synergistically advanced the integration and efficient utilization of edge cloud computing resources, directly fueling sustained market expansion.

COMPETITIVE LANDSCAPE OF CHINA'S EDGE CLOUD COMPUTING SERVICES

Edge cloud computing service providers can be categorized into independent providers and non-independent providers. Independent providers do not belong to any large conglomerates that are involved in a variety of businesses, where they could potentially compete with their customers. They are able to deliver services and solutions tailored to the

diverse needs of clients, and offer strong compatibility with existing public, private, and hybrid cloud infrastructures, as well as on-premises systems, which helps businesses avoid vendor lock-in and mitigate conflicts between services from multiple providers.

We are the seventh largest edge cloud computing service provider and the largest independent player in China in terms of relevant revenue in 2024, with a market share of 4.1%. Besides, we are also the only company mainly operating under the platform model among China's leading edge cloud computing service providers. Moreover, in terms of the number of nodes, we operate China's largest computing power network.

The tables below present the market shares, network scale, and operation models among leading edge cloud computing service providers in China.

Ranking of China's edge cloud computing services providers, in terms of revenue 2024

Rank	Company	Market share, 2024	Number of nodes[(1)], as of December 31, 2024	Independent service provider	Platform model[(2)]
1	Company A	13.8%	~1,500	×	×
2	Company B	11.6%	~2,000	×	×
3	Company C	11.1%	~3,200	×	×
4	Company D	7.6%	~1,000	×	×
5	Company E	6.3%	~2,800	×	×
6	Company F	5.5%	~1,500	×	×
7	**The Company**	**4.1%**	**~4,000**	√	√
8	Company G	2.7%	~1,700	√	×
9	Company H	2.5%	~600	×	×
10	Company I	2.5%	~1,500	×	×

Source: CIC

Notes:

(1) Nodes include edge resources from IDC/CDN providers, telecom carrier MEC resources/metro network facilities, and customer self-built infrastructure.

(2) Refers to whether the player mainly operates under the platform model.

(3) Company A is a cloud computing provider founded in China in 2014. It primarily provides cloud hosting, cloud servers, cloud storage, cloud disk, cloud databases, and other cloud computing services. It is a subsidiary of one of China's top three telecom carriers dual-listed on the Stock Exchange and the Shanghai Stock Exchange.

(4) Company B is a cloud computing provider founded in China in 2012. It primarily provides cloud services including computing, storage, networking, databases, AI, and big data solutions. It is a subsidiary of one of China's top three telecom carriers listed on the Stock Exchange and the Shanghai Stock Exchange.

(5) Company C is a cloud computing provider founded in China in 2008. It primarily provides cloud products including cloud computing, databases, security, big data, enterprise applications, IoT, and developer services. It is a subsidiary of a dual-listed internet company on the Stock Exchange and the New York Stock Exchange.

(6) Company D is a cloud computing provider founded in China in 2012. It primarily provides cloud products including big data, CDN, cloud computing services and storage. It is a subsidiary of a dual-listed company on the Stock Exchange and the NASDAQ Exchange Market.

(7) Company E is a cloud computing provider founded in China in 2019. It primarily provides cloud products including cloud computing services, cloud servers and cloud database. It is a subsidiary of a private company.

(8) Company F is a cloud computing provider founded in China in 2013. It primarily provides AI computing pool, edge computing, CDN, cloud gaming, cloud transcoding, and other services for enterprises and developers. It is a subsidiary of a listed company on the NASDAQ Stock Market.

(9) Company G is an edge cloud computing provider founded in China in 2015. It primarily provides a comprehensive suite of edge cloud computing services including network, security, and computing services. It is a private company.

(10) Company H is a cloud computing provider founded in China in 2013. It primarily provides cloud services integrated with the internet and supports multi-cloud collaboration. It is a subsidiary of one of China's top three telecom carriers listed on the Shanghai Stock Exchange.

(11) Company I is a cloud computing provider founded in China in 2010. It primarily provides cloud computing services and builds data center nodes covering the world, which covers global central cloud and edge cloud computing services. It is a subsidiary of an internet company listed on the Stock Exchange.

Competitive Barriers of Edge Cloud Computing Services

Extensive distribution of network node resources. Distributed cloud computing depends heavily on the widespread deployment of network nodes. The broader the geographical spread of edge nodes, the higher the capital and operational costs required to build and maintain edge infrastructure. However, global deployment enables the delivery of low-latency, high-bandwidth cloud services to a broader customer base, making such investment in edge infrastructure a significant barrier to entry.

Service cost-effectiveness. Startups, small and medium-sized enterprises, and customers with heavy distributed computing demands place a premium on cost-effective services. Achieving competitive pricing requires service providers to implement efficient resource allocation strategies and maintain tight cost controls. Providers unable to optimize their cost structure may struggle to compete in price-sensitive segments.

Talent and technical accumulation. With the rapid evolution of distributed cloud technologies, the ability to attract, develop, and retain skilled technical talent has become a critical factor for long-term success. Sustained investment in R&D that enables the delivery of reliable and stable edge cloud computing services, such as intelligent scheduling algorithms and delivery quality enhancement in poor network environment, is essential for maintaining innovation and competitiveness in this fast-moving industry.

OVERVIEW OF AI CLOUD COMPUTING SERVICES

The Significance of AI Inference in the Era of Large Language Models

The launch of ChatGPT in late 2022 marked a breakthrough in AI technology. Within just two years, large language models became widely recognized and quickly evolved into a new paradigm for application development, catalyzing intelligent transformation across various sectors.

In the early stages of large language model development, most computing resources were devoted to model pre-training. Following the scaling law, an increasing number of models emerged, each pushing the boundaries of parameter size and driving exponential growth in training demands. Over time, rapid innovation in model architectures, the emergence of post-training techniques, and advances in inference methods led to dramatic improvements in model performance, delivering a significantly enhanced user experience.

At the same time, the cost of deploying large language models dropped sharply, fueling their adoption across both consumer and enterprise markets. This surge in usage has driven an explosive rise in demand for AI inference, marking the transition into the "era of inference."

Looking ahead, AI is entering a new phase defined by agentic AI and embodied AI, where models possess greater autonomy in decision-making and interact more deeply with the physical world. These applications demand more complex and sustained reasoning processes, resulting in longer inference time and exponentially increasing computational workloads.

A key indicator of this shift is the daily average token usage of large language models, which quantifies inference demand. According to CIC, global daily average token usage grew from 3 trillion in December 2023 to nearly 10 times that amount by December 2024, reaching 30 trillion. This number is estimated to exceed 3 quadrillion (3,000 trillion) by December 2029.

New Opportunities for Specialized Cloud Service Providers

The rise of AI-centric applications is reshaping the competitive dynamics of cloud computing. In this new landscape, small-scale and specialized cloud service providers are exploring new opportunities to compete effectively with incumbent hyperscalers.

First of all, most existing data centers need to be redesigned for AI tasks. GPU-centric infrastructure introduces substantial changes in power density, heat dissipation, and energy consumption. This means that existing data centers, including those operated by hyperscalers, must undergo full-scale retrofits or rebuilds. As the entire field adapts to these new design paradigms, smaller vendors with modern or modular facilities can bypass legacy constraints and deploy AI-optimized infrastructure more efficiently and cost-effectively from the ground up.

Secondly, the underlying technological architecture of cloud computing is evolving from traditional single-server virtualization toward multi-server clustering and distributed computing frameworks, which are far better suited for the parallelism and scale required in AI applications. Smaller vendors, unburdened by legacy systems, are able to adopt these modern architectures more rapidly and flexibly.

Thirdly, AI workloads demand not just hardware improvements, but a complete overhaul of the cloud computing technology stack, from orchestration and scheduling layers to model optimization frameworks and performance-tuned inference engines. Meeting these complex demands requires a deep integration of AI software, hardware, and networking layers. This presents a significant opportunity for specialized providers to differentiate themselves by offering vertically integrated solutions tailored to specific industries or AI scenarios.

Distributed Cloud Computing as the Optimal Choice for AI Inference

AI inference workloads are increasingly characterized by low-latency and high-concurrency requirements. On the one hand, the upcoming large-scale commercialization of AI applications, agentic and embodied AI will demand compute-intensive yet rapid inference, often within milliseconds, in order to maintain seamless user experiences. On the other hand, inference systems must handle vast numbers of concurrent requests, such as during peak usage periods for entertainment applications, or in real-time anti-fraud operations in finance. This places intense pressure on infrastructure for fast, scalable, and dynamic resource allocation.

The centralized cloud model, once ideal for large-scale AI training, is now ill-suited to meet the demands of modern inference. While centralized cloud offers abundant and dense resources, their distant resource pools and long-haul data transmission paths introduce latency and rigidity that undermine the performance of real-time, inference-heavy applications. In contrast, distributed cloud computing offers the agility and proximity required for modern AI inference, making it the optimal architecture for today's inference-driven AI landscape.

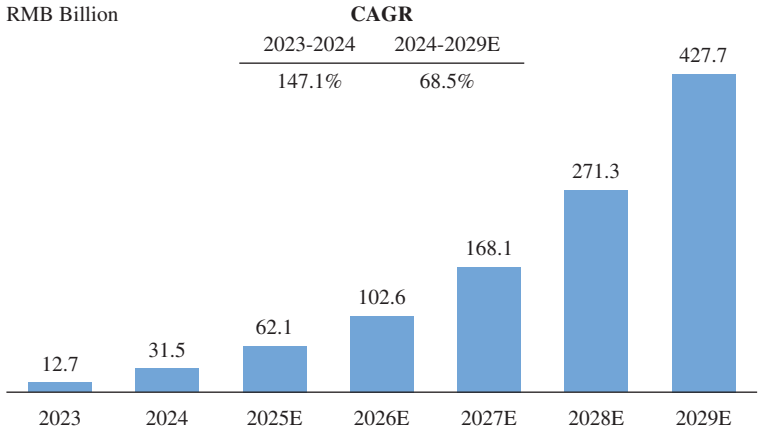
Overview of AI Cloud Computing Services

AI cloud computing services provide distributed cloud services with the resources and capabilities necessary for carrying out AI inference tasks and generally fall into two categories: GPU cloud services and model APIs, each addressing different customer needs.

GPU cloud services provide access to high-performance computing resources without the need to purchase or maintain physical servers. These services are primarily geared toward experienced developers who can configure their own environments and require flexible computing power tailored to specific end applications. Model APIs, on the other hand, offer direct access to the capabilities of pre-trained AI models. They are ideal for customers who want to integrate AI functionality into their applications but lack the expertise or resources to develop and train models themselves.

According to CIC, in terms of revenue, the size of the global AI cloud computing service market increased from RMB12.7 billion in 2023 to RMB31.5 billion in 2024, with a CAGR of 147.1% from 2023 to 2024, and is expected to reach RMB427.7 billion by 2029, with a CAGR of 68.5% from 2024 to 2029.

Market size of global AI cloud computing service, in terms of revenue, 2023-2029E



Source: CIC

Drivers of the AI Cloud Computing Services

Explosive growth of inference demand. The rapid proliferation of open-source large language models has significantly lowered the barriers to AI adoption. Developers and enterprises no longer need to build models from scratch, as high-quality pre-trained models are now readily accessible. This accessibility has driven a surge in user adoption across industries, from startups to large enterprises, fueling an exponential increase in AI inference workloads. As more AI applications are expected to emerge in light of the upcoming agentic AI and physical AI, the demand for scalable and responsive AI cloud computing services has grown accordingly.

Algorithm and architectural advancements. Continual innovation in AI architectures and algorithms is driving greater efficiency and scalability in inference operations. Techniques such as Mixture of Experts (MoE) and sparsity-based computation are enabling models to activate only a proportion of all parameters during inference, significantly reducing unnecessary computations. These optimizations not only lower the storage and computing footprint per inference request but also extend the usability of existing hardware resources. As a result, AI cloud computing service providers can deliver higher throughput and improved responsiveness while reducing infrastructure strain, making large-scale AI deployments more viable and cost-effective.

Declining inference cost. The cost of AI inference is rapidly declining, driven by improvements in hardware utilization, and greater efficiency in large language model architectures. Advances in AI model optimization further contribute to cost reductions by streamlining performance without compromising output quality. According to CIC, inference costs have been declining at a rate of over 10 times annually. This dramatic improvement in the cost-performance ratio is democratizing access to AI capabilities, enabling a broader range of enterprises, including small-to-medium and non-tech companies, to adopt AI cloud computing services for their business processes, product features, and decision-making systems.

COMPETITIVE LANDSCAPE OF CHINESE INDEPENDENT AI CLOUD COMPUTING SERVICE PROVIDERS

In AI cloud computing services, independent providers refer to third-party service providers that integrate diverse models and computing resources from the market and offer add-values upon to users, rather than primarily offering self-developed models or proprietary computing resources.

We are one of the earliest Chinese independent providers to launch AI cloud computing services, and ranked among the top two Chinese independent AI cloud computing service providers in terms of average daily token consumption volume in May 2025, reaching 141.9 billion.

Competitive Barriers of AI Cloud Computing Service Industry

High-quality reserves of AI computing resources. AI training and inference tasks are often characterized by high concurrency and real-time performance requirements. This places considerable demands on service providers to maintain a substantial reserve of high-quality computing resources, particularly high-performance GPUs. Providers must also be capable of dynamic inference scheduling and off-peak resource sharing to meet diverse customer needs.

Inference algorithm optimization capabilities. Optimizing inference algorithms is critical to improving model speed, maximizing resource utilization, and reducing development costs for end users. These optimizations involve complex technical challenges across the operator level, algorithm design, and memory management. Strong capabilities in algorithm optimization are essential for enhancing the efficiency of AI inference, forming a significant technical barrier to entry.

API compatibility and platform versatility. To support a wide range of application scenarios, distributed cloud platforms must offer standardized APIs and robust SDKs that enable seamless integration and rapid deployment. A high degree of API compatibility is essential for ensuring platform interoperability and scalability, particularly for enterprise clients with diverse infrastructure needs.

Source of Information and Research Methodology

CIC was commissioned to conduct research, provide an analysis of, and to produce a report on the global distributed cloud computing industry, and other related economic data, at a fee of RMB650,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC offers industry consulting services, commercial due diligence and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as automotive, consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare, TMT and transportation, CIC possesses the most relevant and insightful market intelligence in these sectors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. We have also referred to certain information in the "Summary," "Risk Factors," "Business" and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate.

CIC employed both primary and secondary research methods using a variety of resources. Primary research included interviews with key industry experts and leading participants, while secondary research involved analyzing data from publicly available sources, such as the National Bureau of Statistics and General Administration of Customs of the PRC. The market projections in the CIC Report are based on the following key assumptions during the forecast period: (i) that the overall global social, economic, and political environment is expected to maintain a stable trend over the next decade; (ii) that related key industry drivers are likely to continue driving growth in the global distributed cloud computing industry during the forecast period; and (iii) that there is no extreme force majeure or set of industry regulations in which the market situation may be affected either dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the CIC Report, which may qualify, contradict or have an impact on the information in this section.

This section summarizes the most significant rules and regulations affecting our business activities in China or the right of shareholders to receive dividends or other distributions from us.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The incorporation, operation and management of Chinese companies are mainly governed by the PRC Company Law (《中華人民共和國公司法》), as most recently amended in 2023 and became effective in July 1, 2024, which is applicable to both PRC domestic companies and foreign-invested companies. Investment activities of foreign investors in China are also governed by the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL 2019"), which was implemented with effect from January 1, 2020, together with the Implementing Regulation for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》) promulgated by the Supreme People's Court on December 26, 2019.

Pursuant to the FIL 2019, "foreign investment" refers to investment activities directly or indirectly conducted by foreign investors (including foreign individuals, enterprises and other foreign organizations), including the following circumstances: (i) the establishment of foreign-invested enterprises by foreign investors, either alone or together with other investors, (ii) the acquisition of shares, equities, property shares or other similar rights and interests in enterprises by foreign investors, (iii) the investment of foreign investors in new projects by foreign investors, either alone or together with other investors, and (iv) other circumstances stipulated in laws or administrative regulations, or by the State Council. The Implementing Regulations on the Foreign Investment Law of the PRC further provided that investments made by foreign-invested enterprises in China should also be governed by the Foreign Investment Law of the PRC and its Implementing Regulations.

The FIL 2019 and its implementation regulations provide that the administration system of pre-establishment national treatment plus negative list is adopted for foreign investment, according to which, "pre-establishment national treatment" refers to granting to foreign investors and their investments treatment at the investment access stage no less favorable than that granted to domestic investors and their investments, except for foreign investments in "restricted" or "prohibited" investment sectors or industries, and the "negative list" refers to the special administrative measures on foreign investment access for foreign investment in the aforesaid "restricted" or "prohibited" investment sectors or industries, which are proposed by the State. Foreign investments outside the negative list are entitled to national treatment. Foreign investors are not allowed to make investments in the fields prohibited by the negative list, and in the fields restricted by the negative list, foreign investors shall comply with the special provisions on equity requirements, senior management personnel requirements, etc. At

the same time, the relevant authorities, based on the needs of the national economy and social development, provide the catalogue of encouraged industries for foreign investment, specifying the special industries, fields and regions to encourage and guide foreign investors' investments.

Currently, the industry entry licensing requirements governing foreign investors' investment activities in China are set out in two catalogues, i.e., the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單) (2024年版)》) ("Negative List"), as promulgated by the NDRC and the MOFCOM on September 6, 2024, effective as of November 1, 2024, and the Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the "Catalog", together with the Negative List, the "Relevant PRC Regulations"), as promulgated by the NDRC and the MOFCOM on October 26, 2022, effective as of January 1, 2023. Industries not listed in the two catalogues are generally deemed as "permitted" for foreign investments, unless otherwise specifically restricted by PRC laws.

Pursuant to the Implementation Regulations for the Foreign Investment Law of the PRC, the registration of foreign investment enterprises shall be handled by the SAMR or its authorized local counterparts. Where foreign investors invest in industries and fields for which licensing is required by law, unless otherwise stipulated by laws and administrative regulations, the relevant authorities in charge of implementation of licensing shall examine licensing applications of foreign investors under the criteria and procedures which are consistent with those for domestic investments, and shall not impose discriminatory requirements for foreign investors in terms of licensing criteria, application materials, examination and approval phases, examination and approval time frame etc. However, where a foreign investor proposes to invest in the industries or sectors set out in the Negative List but fails to meet the relevant requirements, the relevant authorities may not grant the license or grant the enterprise registration. Where a foreign investor invests in the sectors or sectors for which investment is prohibited by the Negative List, the relevant authorities shall order the foreign investor to cease the investment activities, dispose of the shares and assets thereof or adopt other necessary measures within a stipulated period, and restore the status before the investment; the illegal income, if any, shall be confiscated.

Pursuant to the FIL 2019 and its Implementation Regulations and the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the SAMR, effective January 1, 2020, a foreign investment information reporting mechanism shall be established, foreign investors or foreign investment enterprises shall submit investment information to the commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System, and the market regulatory authorities shall promptly forward the aforesaid investment information to the commerce authorities.

In addition, the MOFCOM shall establish a foreign investment information reporting mechanism to promptly receive and process the investment information forwarded by market regulatory authorities and the information shared by other authorities. Foreign investors or foreign investment enterprises shall submit investment information through submission of initial reports, change reports, deregistration reports, annual reports, etc. Besides, the Law stipulates that foreign-invested enterprises which were established in line with previous supervisory laws prior to the implementation of the Law are allowed to keep their original organizational forms within 5 years after the implementation of the Law.

In addition, the FIL 2019 and its implementation regulations also set forth other protective rules and principles for foreign investors and their investments in China, including, among others, that local governments shall fulfill their commitments to foreign investors, expropriation or requisition of foreign investors' investments, except under special circumstances, however, in special circumstances, the requisition or expropriation shall be carried out in accordance with statutory procedures and fair and reasonable compensation shall be promptly made, and forced technology transfers shall be prohibited.

With respect to foreign investments that affect or may affect the national security, a security review shall be carried out in accordance with the Measures for the Security Review of Foreign Investments (《外商投資安全審查辦法》) promulgated by the NDRC on December 19, 2020, and implemented as of January 18, 2021. According to the Measures, an office of the working mechanism for the security review of foreign investments, or working mechanism office shall be established to undertake the routine work of the security review of foreign investments. In addition, foreign investment in military industry and related fields of national defense and security, or foreign investment in areas around military facilities and military industry facilities, may lead to foreign investment in obtaining actual control of enterprises in several important fields, such as important agricultural products, important energy and resources, major equipment manufacturing, important Infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services and key technology fields. Foreign investors or domestic parties involved in the aforesaid foreign investment shall voluntarily report to the working mechanism office before implementing the investment, and shall not implement the investment until the working mechanism office decides whether a safety review is necessary. Violators of the provisions may be ordered to make declaration within a specified time limit, dispose equities or assets and take other necessary measures to restore the equities or assets to the status before the implementation of the investment and eliminate impact on national security.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

Regulations Related to Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), promulgated by the State Council on September 25, 2000 and last revised in February 2016, is the primary regulation on telecommunications services. According to the Telecommunications Regulations, a telecommunications service provider must obtain a telecommunications business license from the MIIT or its provincial counterparts before commencing business operations, otherwise, the service provider may be ordered to rectify the situation, fined and have its illegal gains confiscated by the regulatory authorities. In serious cases, the service provider may be ordered to shut down its website.

According to the Telecommunications Regulations, all telecommunication services in China are classified as either basic telecommunication services or value-added telecommunication services, and value-added telecommunication services are defined as telecommunication and information services provided using public network infrastructure. The Administrative Measures for Telecommunication Business Licensing (《電信業務經營許可管理辦法》) was promulgated by the MIIT in July 2017, which provides more detailed provisions on the types of licenses required to operate value-added telecommunication services, the qualifications and procedures required to obtain such licenses, as well as the supervision and administration of such licenses.

The MIIT issued a catalog as an appendix to the Telecommunications Regulations or the Classification Catalog of Telecommunications Services (《電信業務分類目錄》), which was last revised in June 2019. According to the Classification Catalog of Telecommunications Services, Category 1 of the value-added telecommunication service includes "Internet Data Center Service" (including Internet Resource Collaboration Service (the "IDC Service"), "Content Delivery Network Service" (the "CDN Service"), and "Internet Access Service" (the "ISP Service").

In addition, in 2012, the MIIT promulgated the Circular of the Ministry of Industry and Information Technology on Further Regulating the Market Access for Internet Data Center Businesses and Internet Service Providers (《工業和信息化部關於進一步規範因特網數據中心業務和因特網接入服務業務市場准入工作的通告》), or Circular No. 552, to further specify the requirements on capital, personnel, premises and facilities for operating Internet Data Centers and Internet Service Providers.

On January 17, 2017, the MIIT further issued the Circular of the Ministry of Industry and Information Technology on Cleaning up and Regulating the Internet Access Service Market (《工業和信息化部關於清理規範互聯網網絡接入服務市場的通知》) or the Circular, which emphasizes the requirements set out in Circular 552, and prohibits the operation of the markets of internet data center services, ISP services and CDN services without a license, beyond the geographical scope and beyond the business scope, and from "sub-leasing layer by layer". The

IDC and ISP enterprises shall not sublease the IP addresses, bandwidth and other network access resources that they obtain from the Chinese basic telecommunications operators to other enterprises for the operation of IDC services, ISP services or other business. Under the Circular, enterprises engaging in IDC, ISP or CDN business shall conduct comprehensive self-inspection and rectification, timely correct the relevant illegal activities and ensure their business operation is legal and compliant and the utilization of network facilities and circuit resources is standardized. The regulatory authorities shall urge irregular enterprises to make rectifications in a timely manner, and severely investigate and punish enterprises that refuse to make rectifications in accordance with the law; if the circumstances are serious, such enterprises may be deemed as failing to pass the annual inspection and be included in the bad credit record of enterprises, or their operation licenses may not be renewed upon expiration, and their cooperation with basic telecom operators are constantly being revised and developed.

Regulations on Restricting Foreign-invested Value-added Telecommunications Services

According to the Protocol on the Accession of the PRC (《中華人民共和國加入議定書》), which entered into force on November 10, 2001, China has committed to open telecommunication services, excluding Internet data center services, CDN services, and ISP services. Pursuant to the Mainland and Hong Kong Closer Economic Partnership Arrangement and Mainland (《內地與香港關於建立更緊密經貿關係的安排》) and Macao Closer Economic Partnership Arrangement (《內地與澳門關於建立更緊密經貿關係的安排》), as well as subsequent amendments from time to time, the Mainland has committed to open the aforesaid services to service providers from Hong Kong and Macao Special Administrative Regions subject to certain restrictions.

According to the Negative List and the Administrative Provisions on Foreign-invested Telecommunications Enterprises which became effective on May 1, 2022, for the value-added telecommunications services opened up according to China's WTO accession commitment, the foreign equity ratio of a value-added telecommunications service shall not exceed 50%, unless otherwise provided by the PRC. In particular, the Administrative Provisions on Foreign-invested Telecommunications Enterprises has cancelled the previous requirement that the principal foreign investor of a foreign invested telecommunications enterprise engaging in value-added telecommunications services shall have a good track record and operating experience in managing value-added telecommunications services.

In July 2006, the predecessor of the MIIT issued the Notice of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) or the Notice. Under the Notice, foreign investors which invest in telecom service in China must establish the foreign-invested enterprises, and apply for the telecom business license. The Notice further requires: (i) telecommunication enterprises within the territory of China shall neither lease, transfer or resell, in any form of transaction, any telecommunication business operation license to foreign investors, nor provide foreign investors with resources, venues, facilities and other conditions for illegal operation of telecommunication business; (ii) value-added telecommunication enterprises or their shareholders must directly own the domain

names and trademarks used by such enterprises in their daily business; (iii) each value-added telecommunication enterprise must have the facilities necessary for the approved business operation, and maintain such facilities to the extent permitted by its license; and (iv) all value-added telecommunication service providers must maintain network and Internet security in accordance with the standards set forth in the relevant Chinese regulations. In the event that the Permit Holder fails to comply with the requirements specified in the Notice and correct the relevant non-compliance behavior, the MIIT or its local counterpart may, in its sole discretion, take such measures as revoking the value-added telecommunications business operation permit of such Permit Holder.

On January 12, 2017, the State Council issued the Circular on Several Measures Concerning the Expansion of Opening-up and the Active Use of Foreign Capital (《國務院關於擴大對外開放積極利用外資若干措施的通知》), or the Circular, which aims to relax restrictions on the entry of foreign capital into the service, manufacturing, mining and other sectors. In particular, the Circular aims to promote the orderly opening up of the sectors of telecommunications, internet, culture, education, transportation and transportation to foreign investors.

According to the Announcement on Conducting Pilot Work to Expand the Opening-Up of Value-Added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》) issued and implemented by the MIIT on April 8, 2024, foreign equity restrictions have been lifted for pilot zone in the following sectors: IDC, CDN, ISP, Online Data Processing and Transaction Processing, Information Services, etc.

Additionally, as stipulated in the attached Pilot Plan for Expanding the Opening-Up of Value-Added Telecommunications Services, the registered location of the business entities and the placement of service facilities (including leased or purchased infrastructure) must be within the same pilot zone. CDN acceleration services must not rely on purchasing or leasing facilities outside the pilot zone. ISP services are limited to the designated pilot zone.

REGULATIONS RELATING TO CYBERSECURITY AND DATA SECURITY

The Measures for the Administration of the Graded Protection of Information Security (《信息安全等級保護管理辦法》), the Measures, were released by the Ministry of Public Security, the State Secrecy Bureau, the State Cipher Code Administration and the Information Office of the State Council on June 22, 2007. The Measures divided the security protection of information systems into five grades based on the extent of the damages caused by the destruction of the information systems to the legal rights and interests of citizens, legal persons and other organizations, social order and public interests and national security. The Measures also require operators of information systems of Grade II or above to handle the record-filing procedures with the competent local public security authorities within 30 days after the security protection grade is determined or their information systems are put into operation.

On July 1, 2015, the Standing Committee of the National People's Congress issued the PRC National Security Law (《中華人民共和國國家安全法》), which took effect on the same day. The PRC National Security Law stipulates that China shall establish a network and information security system, improve its capabilities in protecting network and information security, and ensure that the core network and information technologies, critical infrastructure, and information systems and data in key areas are safe and controllable. In addition, China shall establish a national security review and supervision system to monitor foreign investments, key technologies, network and information technology products and services, and other important events that affect or may affect China's national security. In addition, the State should establish a national security review and supervision system to carry out examinations on foreign investment, key technology, network information technology products and services and other major events that affect or may affect China's national security.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Cybersecurity Law, which came into effect on June 1, 2017. The Cybersecurity Law applies to the construction, operation, maintenance and use of the network as well as the supervision and administration of cybersecurity within the territory of China. According to the Cybersecurity Law, "network" is defined as a system that consists of computers or other information terminals and relevant facilities and that collects, stores, transmits, exchanges and processes information in accordance with certain rules and procedures. "Network Operator" broadly refers to owners and managers of networks and network service providers that are required to fulfill various security protection obligations, including: (i) complying with security protection obligations as required under the cybersecurity grading system, establishing internal security management systems and operating procedures, designating a person responsible for cybersecurity, taking technical measures to prevent computer viruses and actions endangering cybersecurity, taking technical measures to monitor and record the network operation status and cybersecurity incidents, and taking data security measures such as data classification, backup and encryption, etc. (ii) prepare emergency response plans for cybersecurity incidents, timely dispose of security risks, and, upon the occurrence of incidents that endanger cybersecurity, activate emergency response plans, take appropriate remedial measures, and report to the regulatory authorities; and (iii) provide technical support and assistance to public security authorities and state security authorities in their lawful protection of national security and investigation of crimes. Internet service providers that fail to comply with the Cybersecurity Law may be ordered to rectify the situation, be warned, fined, suspended business, closed website and revoked of business license.

The Standing Committee of the National People's Congress of China issued the Data Security Law of the PRC (《中華人民共和國數據安全法》) on June 10, 2021, which came into effect from September 2021. The Data Security Law of the PRC stipulates the data security and privacy obligations of entities and individuals carrying out data surveillance activities. The Data Security Law of the PRC also implements a classified and graded data protection system, based on the importance of data in economic and social development, as well as the degree of harm caused to national security, public interests or the legitimate rights and interests of individuals and organizations in case the data is tampered with, destroyed, leaked, illegally

accessed or illegally used. Various types of data need to be protected at an appropriate level. For example, the processor of important data should designate a person responsible for data security and a management body to conduct risk assessment on its data processing activities and submit a risk assessment report to the relevant authority. Where the PRC Data Security Law is violated, the violator may be ordered to cease its illegal activities, be warned and fined, or be ordered to suspend its business, or be revoked its business license or business license. Moreover, the managers directly in charge and other persons with direct responsibility may also be fined.

On July 30, 2021, the State Council released the Regulation on the Security and Protection of Critical Information Infrastructures (《關鍵信息基礎設施安全保護條例》) (the "Safe Protection Regulations"), which was implemented from September 1, 2021. According to the Safe Protection Regulations, "critical information infrastructure" refers to the important network facilities and information systems of important industries such as public communication and information services and other important network facilities and information systems that, if damaged, malfunctioning or data leaked, may seriously endanger national security, national economy, people's livelihood and public interests.The Safe Protection Regulations makes specific requirements on the responsibilities and obligations of critical information infrastructure operators (the "CIIO"): (1) the CIIO shall establish and improve the network security protection system and responsibility system, and guarantee the investment of human, financial and material resources; (2) the CIIO shall set up a specialized security management organization, and conduct security background investigation on the person in charge of the specialized security management organization and personnel in key position; (3) the CIIO shall guarantee the operating funds of the specialized security management organization, and equip it with corresponding personnel; and decisions related to network security and informatization shall be carried out with the participation of personnel of the specialized security management organization; and (4) the CIIO shall give priority to the procurement of secure and trusted network products and services; and procurement of network products and services that may affect national security shall be subject to security review in accordance with national network security regulations. The Safe Protection Regulations specifies measures, such as the imposition of fines, to deal with critical information infrastructure operators that fail to fulfill their security protection responsibilities.

On December 28, 2021, the CAC and several other PRC Governmental Authorities jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. The Cybersecurity Review Measures stipulate that (i) a CIIO purchasing network products and services or an internet platform operator carrying out data processing activities, which affects or may affect national security, are subject to the regulatory scope; (ii) the internet platform operators holding personal information of more than one million users seeking a listing in a foreign country must file for the cybersecurity review and (iii) where members of the cybersecurity review working mechanism believe that network products and services and data processing activities affect or are likely to affect national security, the Cybersecurity Review Office shall report to the Central Cyberspace Affairs Commission for

approval as per procedure, and then conduct a review in accordance with the Cybersecurity Review Measures. The Cybersecurity Review Measures provide that relevant violators bear legal consequences in accordance with the Cybersecurity Law and the Data Security Law of the PRC.

On November 14, 2021, the CAC published the Administrative Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》). On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "Data Security Regulations"), which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The Data Security Regulations provide more detailed guidelines on the current rules on various aspects of data processing, including the processors' announcement of data processing rules, obtaining consents and separate consents, security of important data and cross-border transfer of data, and further obligations of platform operators. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant laws and regulations. Furthermore, the Data Security Regulations do not include the article of "if a data processor's proposed listing in Hong Kong affect or may affect national security, the data processor shall apply for the cyber security review according to relevant laws and regulations" that as presented in the Administrative Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》). As of the Latest Practicable Date, we have not been involved in any investigations relating to cybersecurity reviews conducted by the CAC, and we have not been summoned to attend official meetings with the relevant regulatory authorities nor received any inquiry, notice, warning, or sanctions in such respect.

On July 7, 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (《數據出境安全評估辦法》) (the "Security Assessment Measures"), which became effective on September 1, 2022. On February 22, 2023, the CAC promulgated the Measures on the Standard Contract for Outbound Transfer (《個人信息出境標準合同辦法》) (the "Standard Contract Measures"), which became effective on June 1, 2023. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) (the "Regulations on Cross-Border Transfer of Data"), effective on the date of promulgation. According to the regulations above, data processor providing data overseas and falling under any of the following circumstances apply for the security assessment of cross-border data transfer by the national cybersecurity authority through its local counterpart: (1) a data processor outbound transfers critical data; (2) a CIIO or a data processor processing the personal information of more than one million individuals transfers personal information abroad; (3) a data processor has outbound transferred a total of 1,000,000 individuals' personal information or 10,000 individuals' sensitive personal information since January 1 of the current year; and (4) other circumstances in which the data processor shall apply for a outbound data transfer security assessment as stipulated by the CAC. The data processor other than CIIO shall conclude a standard contract with overseas recipients or go through the authentication on protection of personal information when: (1) it provides personal information (excluding sensitive personal information) of more than 100,000

but fewer than 1,000,000 individuals abroad since January 1 of the current year; (2) it provides sensitive personal information of not more than 10,000 individuals abroad since January 1 of the current year. Where the circumstances above fall under Articles 3 to 6 of the Regulations on Cross-Border Transfer of Data, the obligation of applying for the security assessment or authentication, and filing the standard contracts shall be exempted. Exemptions under Articles 3 to 6 of the Regulations on Cross-Border Transfer of Data include but are not limited to international trade, cross-border transportation, academic cooperation, transnational production and manufacturing and marketing, and other activities that do not involve personal information or important data, among others. Any failure to comply with such requirements may subject the data processor to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties.

REGULATIONS RELATING TO PRIVACY PROTECTION

In recent years, PRC Governmental Authorities have promulgated laws and regulations governing the use of personal information on the Internet to safeguard personal information from any unauthorized disclosure. The Cybersecurity Law imposes several data protection obligations on network operators, including that network operators shall not disclose, tamper with or destroy the personal information collected by them or shall not provide the personal information to others without the consent of the person from whom the information is collected. In addition, network operators are obliged to delete information that has been illegally collected and to correct incorrect information.

Under the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), promulgated by the MIIT on December 29, 2011 and effective on March 15, 2012, internet information service providers (the "ISPs") shall not collect personal information of users or provide the personal information of users to a third party without user consent, unless otherwise provided by laws and administrative regulations. "User Personal Information" refers to information about the user that can, either alone or in combination with other information, identify the user. The ISPs shall clearly inform the users of the means of collecting and processing the personal information of users as well as the content and usage thereof and shall not collect other information than those necessary for them to provide services. The ISPs shall also properly keep the personal information of the users. If the personal information of the users is disclosed or may be disclosed, the ISPs shall immediately take remedial measures and, if the circumstances are serious, report to the Telecommunications Regulatory Authorities immediately.

According to the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) promulgated by the Standing Committee of the National People's Congress in 2012 and the Provisions on the Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT in 2013, the collection and use of the personal information of users shall be subject to the principles of legitimacy, rightfulness and necessity, the purposes, methods and scope of information collection and use shall be expressly indicated, the consent of the users shall be obtained, and the collection and use of the personal information of users

shall not violate the laws and regulations or the agreements with the users. ISPs shall also keep strictly confidential all information contained therein and shall further prohibit disclosure, tampering with or destruction of any such information or the sale or provision of any such information to any third party. ISPs shall adopt necessary technical and other measures to prevent personal information collected by the ISP from unauthorized disclosure, damage or loss. Any breach of the above-mentioned laws and regulations may subject the ISP to penalties of warning, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closure of websites or even criminal liabilities.

According to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security Concerning Legally Punishing Criminal Activities of Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued and became effective on April 23, 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate Concerning Application of Law in Handling Criminal Cases of Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017 and became effective on June 1, 2017, the following conducts may constitute the crime: (i) providing Citizens' Personal Information to specific persons and publishing Citizens' Personal Information through information networks or other channels in violation of relevant regulations; (ii) providing citizens' personal information lawfully collected to others without the consent of the persons whose personal information is collected (except where the information has been processed to make it impossible to identify the specific persons and the information cannot be recovered after processing); (iii) collecting citizens' personal information in violation of applicable laws and regulations in the process of performing duties or providing services; or (iv) obtaining citizens' personal information by way of purchase, receipt or exchange in violation of applicable laws and regulations.

The National People's Congress adopted the Civil Code of the PRC (《中華人民共和國民法典》) on May 28, 2020, which came into force on January 1, 2021. Under the Civil Code, the personal information of a natural person is protected by law. If any organization or individual needs to obtain personal information of others, it shall obtain such information in accordance with the law and ensure the safety of such information and shall not illegally collect, store, use, process or disseminate the personal information of others, nor shall it illegally provide or make public the personal information of others. Personal information of natural persons refers to all kinds of information recorded by electronic or other means, such as name, date of birth, ID number, biological characteristic information, address, phone number, email address, health information and whereabouts of natural persons, which can be used for independent identification or identification in combination with other information. The Civil Code amends the internet tort liability provisions to further clarify the safe harbor provisions for internet service providers with respect to notices and statements. The Civil Code also stipulates that if an ISP knows or should have known about the infringing activities of an Internet user but fails to take necessary measures, the ISP shall be held jointly liable for such Internet user's infringement.

On August 20, 2021, the Standing Committee of the National People's Congress issued the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which came into effect from November 1, 2021. In accordance with the Personal Information Protection Law, "personal information" refers to all information recorded, electronically or otherwise, concerning an identified or identifiable individual, but excludes anonymous information. Processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The Personal Information Protection Law applies to the activities of processing the personal information of natural persons within the territory of China, as well as the activities of processing the personal information of natural persons within the territory of China outside the territory of China for the purpose of providing domestic natural persons with products or services, analyzing and evaluating the conducts of domestic natural persons, or under any other circumstances as prescribed by laws or administrative regulations. Those that violate the Personal Information Protection Law may be ordered to make corrections, be warned, have their illegal gains confiscated, be fined, have their business suspended, and have their business permits or business licenses revoked. In addition, application programs that illegally process personal information may be ordered to suspend or terminate their services. Also, persons directly in charge and other persons directly responsible may be fined and prohibited from acting as directors, supervisors, senior managers, or persons responsible for the protection of personal information of relevant enterprises within a certain period of time.

Regulations Relating to Generative Artificial Intelligence Services

On November 25, 2022, the CAC, MIIT and the Ministry of Public Security jointly promulgated the Administrative Provisions on Deep Synthesis of Internet Information Service (《互聯網信息服務深度合成管理規定》), which took effect on January 10, 2023. The "deep synthesis technology" provided in such provisions refers to the technology to generate text, graphics, radio, video, virtual scenes, among others, with the use of deep learning and virtual reality. The measures emphasize that the deep synthesis services shall not be utilized for illegal activities prohibited by laws and regulations, and specifically, the related providers of such deep synthesis services shall (i) establish and improve control systems in regard to user registration, algorithm review, technological ethic review, information public review, data security, personal information protection, antitelecom and online fraud, emergency disposal, etc. and hold safe and controlled technical protection measures; (ii) formulate and publicize related management rules and platform pacts, improve service agreements, perform management responsibilities in accordance with laws and agreements, and inform with explicit methods the technical supporters and users of the deep synthesis of their respective information safety obligations.

On July 10, 2023, the CAC and six other ministries jointly promulgated the Interim Measures for the Management of Generative Artificial Intelligence Service (《生成式人工智能服務管理暫行辦法》) ("AI Measures"), effective on August 15, 2023. The AI Measures impose compliance requirements for AI Providers to the general public within the territory of PRC. In addition, on February 29, 2024, the National Technical Committee on Cybersecurity of Standardization Administration of China promulgated the Basic Security Requirement for

Generative Artificial Intelligence Service (《生成式人工智能服務安全基本要求》) as a supporting document for AI Measures. If any AI Providers violates the relevant compliance requirements, the competent authorities may require such AI Providers to cease providing generative artificial intelligence services or impose other administrative penalties on such AI Providers. The relevant compliance requirements mainly include:

- AI Providers shall carry out training data processing activities such as pre-training and optimization training in accordance with the law and regulations.

- AI Providers shall formulate clear, specific and operable rules for annotation that meet the requirements of the AI Measures, carry out an assessment of the quality of data annotation, and take samples to verify the accuracy of annotation contents to annotate data during the research and development process of generative artificial intelligence technologies.

- AI Providers shall conclude a service agreement with the users registering for its generative artificial intelligence services (hereinafter referred to as the "Users") to specify the rights and obligations of Users and AI Providers.

- AI Providers shall clarify and publish the applicable Users, occasions and purposes of their services, instruct Users to acquire a scientific and rational understanding and use the generative artificial intelligence technologies according to the laws and regulations, and take effective measures to prevent minor Users from being excessively dependent on or addicted to generative artificial intelligence services.

- AI Providers shall fulfill their obligations of protection for Users' input information and use records in accordance with the laws and regulations, and shall not collect unnecessary personal information, illegally keep the input information and use records that can identify the identity of Users, and shall not illegally provide the input information and use records of Users to others. AI Providers shall promptly accept and process the requests of individuals for access, reproduction, correction, supplementation and deletion of personal information in accordance with the laws and regulations.

- AI Providers of text, image, audio or video to the general public shall (i) assume the responsibilities as the producers of the AI-generated content thereon, and (ii) any AI Providers with attribute of public opinions or capable of social mobilization shall conduct security assessment, and complete the formalities for algorithm filing, change or deregistration in accordance with the relevant regulations.

REGULATIONS RELATING TO PROPERTY LEASING

Pursuant to the Administrative Measures on the Lease of Commodity Housing (《商品房屋租賃管理辦法》) issued by Ministry of Housing and Urban-Rural Development on December 1, 2010, parties to a lease agreement shall complete the lease registration and filing

process with the competent construction (real estate) departments of the municipalities directly under the PRC governments of cities and counties where the housing is located within 30 days after the lease agreement is signed. For those who fail to comply with the above regulations, such competent departments may impose a fine ranging from RMB1,000 and RMB10,000 per lease. In addition, the lessor shall not rent out buildings that are illegal constructions or that change the nature of the use of the house in violation of relevant regulations.

REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Anti-Unfair Competition Law

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the Standing Committee of the National People's Congress on September 2, 1993 and revised on April 23, 2019, unfair competition refers to the acts of business operators in their production and operation activities in violation of the provisions of the Anti-Unfair Competition Law to disrupt the competition order in the market and impair the legitimate rights and interests of other business operators or consumers. According to the Anti-Unfair Competition Law, business operators shall, in market transactions, adhere to the principles of voluntariness, equality, impartiality, and good faith, as well as abide by laws and business ethics. A business operator shall not mislead consumers to regard its commodities as those of others or make consumers believe that there is a certain connection between its commodities and those of others. A business operator shall not affect commercial promotions for the performance, functions, quality, sales status, users' comments or honor received in respect of its commodities in a false or misleading manner, attempting to cheat or mislead consumers. Business operators shall not fabricate or disseminate false or misleading information, and shall not harm the commercial reputation of competitors or their commodities. Business operators engaging in online production and business activities shall also comply with the provisions of the Anti-Unfair Competition Law. Business operators shall not use technical means to affect users' right to select, etc, or interfere with or disrupt normal operation of network products or services provided legitimately by other business operators. Business operators who violate the Anti-unfair Competition Law shall bear the corresponding civil, administrative or criminal liability in accordance with the specific circumstances.

On August 17, 2021, the SAMR issued a discussion draft of Provisions on the Prohibition of Unfair Competition on the Internet (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》). Accordingly, operators shall not make use of data, algorithms, and other technical means to implement traffic hijacking by influencing users' choices or otherwise, or make use of technical means to illegally obtain or use the data of other operators. In addition, operators shall not (i) fabricate or disseminate misleading information to damage the reputation of their competitors, or (ii) conduct false or misleading commercial promotions for the sales, transaction information, business data and user comments of relevant operators or their commodities, so as to cheat or mislead consumers or the relevant public.

Anti-monopoly Law

The Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), released on August 30, 2007 and recently amended on June 24, 2022 by the Standing Committee of the National People's Congress, is applicable to the monopoly activities both in China and out of China if they exclude or restrict the competitions in the domestic market. Under the Anti-monopoly Law, monopolistic practices include monopoly agreements between business operators, abuse of dominant market positions by business operators, and concentration of business operators that eliminate or restrict market competition or may eliminate or restrict market competition. Where a concentration of business operators reaches the thresholds for declaration prescribed by the State Council, prior to the implementation of the concentration, the declaration must be approved by the anti-monopoly authority. A concentration of undertakings refers to any of the following circumstances: (i) a merger between undertakings; (ii) an undertaking acquiring control over another undertaking through acquisition of equity or assets; or (iii) an undertaking acquiring control over another undertaking, or the ability to exercise decisive influence on another undertaking, by contract or any other means. If any business operator fails to comply with the mandatory declaration requirement, the anti-monopoly authority is empowered to order the operator to terminate and/or unwind the transaction, dispose of relevant assets, shares or businesses within certain periods and imposes fines of up to RMB500,000.

On June 24, 2022, the Standing Committee of the National People's Congress decided to amend the Anti-Monopoly Law, and the amended version has been effective from August 1, 2022. Compared with the Anti-Monopoly Law, the amended version further stipulates that business operators shall not use data and algorithms, technology, capital advantages, platform rules, etc., to engage in monopolistic activities prohibited by the Anti-Monopoly Law, and further emphasizes that business operators with a dominant market position shall not abuse their dominant market position by such means. In addition, the Revised Ordinance increases the fines for illegally concluding and implementing monopoly agreements and imposes differentiated fines on business operators depending on the circumstances of illegal concentration. Specifically, the Revised Ordinance increases the upper limit of fines for business operators who have already entered into monopoly agreements but have not yet implemented such agreements from RMB500,000 to RMB3 million, and further stipulates that business operators who have already entered into and implemented monopoly agreements but have no sales in the previous year shall be fined up to RMB5 million. For example, a fine imposed on a business operator engaged in an illegal concentration which has or may have the effect of eliminating or restricting market competition shall not exceed 10% of the operator's turnover of the previous year, while a business operator engaged in an illegal concentration which does not have the effect of eliminating or restricting market competition may be imposed a fine of not more than RMB5 million. The Amended Version also introduces penalties up to RMB1 million for the legal representative, main person in charge, and other directly responsible persons of the business operators who are personally responsible for reaching the monopoly agreement.

On April 25, 2024, the Anti-Monopoly Commission of the State Council issued the Anti-Monopoly Compliance Guidelines for Business Operators (《經營者反壟斷合規指南》), which stipulate that business operators may establish an anti-monopoly compliance management system based on their scale, industry characteristics, operation costs, etc., to manage anti-monopoly compliance risks.

On February 7, 2021, the Anti-Monopoly Commission of the State Council promulgated the Anti-monopoly Guidelines of the Anti-Monopoly Commission of the State Council in the Field of Platform Economy (《國務院反壟斷委員會關於平台經濟領域的反壟斷指南》), clarifying various circumstances in which network platform activities are deemed to constitute and implement monopoly agreements, implement abuse of market dominance, and carry out concentration of operators.

On March 10, 2023, the SAMR promulgated the Provisions on Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), the Provisions on Prohibiting Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), and the Provisions on the Examination of Concentrations of Undertakings (《經營者集中審查規定》). These provisions further elaborate on the factors to be considered in assessing monopoly agreements, abusive practices and concentrations of undertakings. In addition, the Provisions on Prohibiting Abuse of Dominant Market Positions clarify that competition characteristics of the relevant industry, business model, transaction amount, transaction volume, number of users, network effect, lock-in effect, technical characteristics, market innovation, capability to control flow, capability to master and process relevant data, business operators' market forces in the associated market and other factor may be considered in determining the existence of dominant market position of operators in new economic forms such as Internet.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHT

Patent

Chinese patents are primarily protected by the Patent Law of the PRC (《中華人民共和國專利法》). China's patent system applies the principle of first to file. To be granted a patent, an invention or utility model must satisfy three criteria: novelty, inventiveness and practicality. Patent rights are valid for 10, 15 or 20 years from the date of filing, depending on the type of patent.

Copyright

Copyright in China, including copyrighted software, is mainly protected by the Copyright Law of the PRC (《中華人民共和國著作權法》) and pertinent regulations. According to the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Rights to Network Dissemination of Information (《信息網絡傳播權保護條例》), last amended on January 30, 2013, stipulates exhaustive provisions on fair use,

statutory licenses and safe harbors in respect of copyright and copyright management technologies, and defines the infringement liability of various entities including copyright holders, libraries and Internet service providers.

On February 20, 2002, the State Copyright Administration promulgated the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which regulates the registration of software copyright, software copyright exclusive licensing contracts and transfer agreements. The State Copyright Administration is responsible for the administration of software copyright registration. The China Copyright Protection Centre has been designated as the software registration authority. The China Copyright Protection Centre will issue the registration certificate to those computer software copyright applicants who fulfil the conditions.

Trademark

Registered trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) and relevant regulations. Trademarks are registered with the State Intellectual Property Office. If an application for registration is made for a trademark that is the same as or similar to a trademark that has already been registered or preliminarily examined and approved for use on the same or similar class of goods or services, the application for registration of such a trademark may be rejected. Unless otherwise cancelled, a trademark registration is valid for ten years and may be renewed. Each renewal of registration is valid for a period of ten years.

Domain Names

Domain names are protected by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective as of November 1, 2017. The registration of a domain name is conducted by the domain name service institution established according to the relevant regulations. The applicant who is successfully registered becomes the holder of the domain name.

REGULATIONS RELATING TO EMPLOYMENT, SOCIAL INSURANCE AND HOUSING FUND

In accordance with the PRC Labor Law (《中華人民共和國勞動法》) and the PRC labor Contract Law (《中華人民共和國勞動合同法》), employers must sign a written labor contract with each full-time employee. All employers must comply with the local minimum wage standards. Violation of the PRC labor Contract Law and the PRC labor Law may result in a fine or other administrative penalty, and serious circumstances may lead to criminal liability.

Furthermore, pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Funds (《住房公積金管理條例》), Chinese employers are required to offer their employees benefit schemes that cover pension, unemployment, maternity, work-related injury, medical and housing funds.

REGULATIONS RELATING TO FOREIGN EXCHANGE AND DIVIDEND DISTRIBUTION

Regulations on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), most recently amended in 2008. According to PRC foreign exchange regulations, current account payments (such as profit distribution, interest payments and foreign exchange transactions related to trade and services) may be made in foreign currency in accordance with certain procedures, without prior approval from SAFE.

Instead, the conversion of RMB into foreign currencies and export out of China for payment of capital account items (such as direct investments, repayment of loans denominated in foreign currencies, repatriation of investments and investment in securities outside of the PRC) is subject to the approval of, or registration with, the relevant authorities.

The Circular on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or Circular 59, promulgated by the SAFE on November 19, 2012 and last revised on December 30, 2019, amends and simplifies the existing foreign exchange procedures. According to Circular 59, the approval or verification from SAFE is no longer required for the opening of multiple special purpose foreign exchange accounts such as initial fees account, foreign exchange capital account and relevant security deposit account, for the re-investment of RMB proceeds obtained from China by foreign investors and for the remittance of foreign exchange profits and dividends by foreign invested enterprises to their foreign shareholders. In addition, an entity may open multiple capital accounts in different provinces, which was previously prohibited. In 2013, SAFE required that direct investment in China by foreign investors managed by SAFE or its local branches must be conducted by way of registration and banks must handle the foreign exchange business relating to such direct investment in China according to the registration documents provided by SAFE and its branches.

In February 2015, SAFE issued the Circular on Further Simplifying and Improving the Policies on Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13. Entities and individuals may apply to qualified banks for handling relevant foreign exchange registration, instead of applying to the SAFE for approval of foreign exchange registration for foreign direct investment and overseas direct investment. Qualified banks may, under the supervision of the SAFE, directly examine and approve relevant applications and handle registration.

In March 2015, SAFE issued Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19. The SAFE Circular 19 expands the pilot reform of the administration over the settlement of foreign currency capital of foreign-invested enterprises nationwide. The SAFE Circular 19

replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), or Circular 142 and Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》), or Circular 36. The SAFE Circular 19 permits all foreign-invested enterprises established in China to voluntarily convert their foreign exchange registered capital into RMB according to their actual business needs, and sets forth the procedure for foreign-invested enterprises to use RMB derived from their foreign-currency valued capital in an equity investment and removes certain other restrictions under Circular 142. However, the SAFE Circular 19 still prohibits foreign-invested enterprises (including foreign-invested enterprises) from using the RMB funds obtained through conversion of their foreign currency capital for expenses outside the scope of their business, and from providing entrusted loans or repaying loans between non-financial enterprises.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》), or Circular 16 effective in June 2016, which reiterated certain provisions contained in the SAFE Circular 19. Circular 16 provides that discretionary settlement of foreign exchange is applicable to foreign exchange capital funds, foreign debt funds and funds raised back from offshore listing, while the corresponding RMB capital obtained from conversion of foreign exchange can be used for the provision of loans to affiliates or the repayment of inter-company loans (including third party advances). The SAFE Circular 19 or Circular 16 may cause us to delay or restrict our use of the [**REDACTED**] from overseas [**REDACTED**] to make additional capital contributions to our PRC subsidiaries, and breach of such notification may result in substantial fines or other penalties.

In January 2017, the SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), or Circular 3, which provides several capital regulation measures for domestic institutions to remit profits to offshore institutions, including that (i) the bank shall review the relevant resolutions of the board of directors on profit distribution, the original of the tax filing form and the audited financial statements pursuant to the principle of real transaction; and (ii) the domestic institution shall make up for its losses incurred in previous years according to law prior to the remittance of profits. In addition, pursuant to Circular No. 3, domestic institutions must specify the source and purpose of the capital, and provide the resolutions of the board of directors, contracts and other evidentiary materials, as part of the procedures for the registration of offshore investment.

On October 23, 2019, the SAFE promulgated Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the Circular 28, which

became effective on the same day. Circular 28 permits non-investment foreign-invested enterprises to use their capital to make equity investment in China, provided that such investment does not violate the Negative List in force, and the investment targets are true and in compliance with the laws and regulations.

Regulations on Dividend Distributions

The principal laws, rule and regulations governing dividends distribution by companies in the PRC are the PRC Company Law, which applies to both PRC domestic companies and foreign-invested companies, and the FIL 2019 and its implementing rules, which apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to 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 Foreign Exchange Registration of Overseas Investment by PRC Residents

In 2014, SAFE issued Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》,or SAFE Circular 37. SAFE Circular 37 governs the foreign exchange issues relating to domestic residents or entities seeking overseas investment and financing via the special purpose vehicle (the "Overseas SPV") or round-tripping investments in China. In accordance with SAFE Circular 37, "special purpose vehicle" refers to an offshore enterprise directly established or indirectly controlled by a domestic resident or institution with its legally held onshore assets or interests, or with its legally held offshore assets or interests, for the purpose of offshore investment and financing, and "round-trip investment" refers to the direct investment activities carried out by a domestic resident or institution in the PRC through a special purpose vehicle, i.e. the act of obtaining the right of ownership, control and operation and management by establishing a foreign-invested enterprise. In accordance with the SAFE Circular 37, domestic residents or institutions shall go through the foreign exchange registration formalities with the SAFE or its local branches before contributing capitals to a special purpose vehicle.

In 2015, the SAFE Circular 13 amended the SAFE Circular 37, stipulating that a domestic resident or institution shall register with a qualified bank (instead of the SAFE or its local branch) for overseas enterprises established or controlled by it for the purpose of overseas investment or financing. Prior to the implementation of the SAFE Circular 37, a domestic resident or institution that has contributed its lawful rights and interests or assets to an Overseas SPV but has not registered in accordance with the relevant provisions must register its ownership interest or control interest in the Overseas SPV with a qualified bank. In the case of any material change in a registered special purpose vehicle, such as any change in basic information (including change in domestic individual and name and term of operation), capital

increase or decrease, equity transfer or exchange, merger or division, amendment registration procedures shall be completed. Failure to comply with the registration procedures set out in SAFE Circular 37 and the subsequent notice, misrepresentation or failure to disclose control rights of the FIE established in the form of round-trip investment may restrict the foreign exchange business of the FIE, including the payment of dividends and other distributions (such as proceeds from capital reduction, share transfer or liquidation) to its offshore parent company or associated companies, and capital inflow from its offshore parent company, and may also subject the relevant domestic residents or institutions to penalties under China's Foreign Exchange Administrative Rules.

REGULATIONS RELATING TO EQUITY INCENTIVE PLANS

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》). According to the Notice and other relevant rules and regulations, a domestic individual refers to a PRC resident or a non-PRC citizen (with few exceptions) who has continuously resided in China for no less than one year. A domestic individual who participates in an equity incentive plan of a company listed overseas must register with the SAFE or its local branch and go through several other procedures. A domestic individual participating in an equity incentive program shall engage a qualified domestic agency to handle registration and other procedures with the SAFE with respect to the equity incentive program on his/her behalf. The relevant agency may be a domestic subsidiary of an overseas listed company or other qualified institution selected by such domestic subsidiary. A participant shall also engage an overseas agency to handle such matters as exercise of its stock options, trading of the corresponding stocks or equities and transfer of funds. In addition, in the event of any material change of the equity incentive plans, the domestic agencies or offshore principals, or any other material change, the domestic agencies must process the change of registration with the SAFE for the equity incentive plans. The domestic agencies must, on behalf of the domestic individuals entitled to exercise employee stock options, apply to the SAFE or its local branches for the annual quota to be paid in foreign currencies for the exercise of employee stock options by domestic individuals. The foreign exchange income obtained by the domestic individuals from selling the stocks under the equity incentive plans and the dividends distributed by the overseas listed companies shall be remitted to the bank account opened by the Chinese agencies in China before being distributed to the domestic residents. The foreign exchange proceeds obtained by a domestic individual from the sale of stocks under an equity incentive plan and the dividends distributed by an overseas listed company shall be remitted into a bank account opened by a Chinese agency in China before being distributed to the relevant domestic resident.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

Under the Enterprise Income Tax Law (《中華人民共和國企業所得税法》) (the "EIT Law"), which became effective on January 1, 2008 and was subsequently amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises.

PRC resident enterprises generally pay an EIT at the rate of 25%, however, non-PRC resident enterprises that do not have a branch in China pay a 10% EIT on their China-sourced income. An enterprise established outside China whose "place of effective management" is located in the PRC is deemed to be a "resident enterprise", meaning that it is entitled to similar EIT treatment as domestic enterprises for PRC tax purposes. The Implementing Rules of Enterprise Income Tax Law define a "place of effective management" as a management entity that, in practice, exercises "substantial and complete management and control" over the production, operation, personnel, accounting, property, etc., of the enterprise. Enterprises meeting the condition of "Hi-Tech Enterprises" are entitled to a 15% enterprise income tax rate instead of the 25% statutory rate. As long as the enterprise maintains its status as a "Hi-Tech Enterprise", the tax benefits will be continued.

The EIT Law and its implementing rules stipulate that dividends are paid to "non-resident enterprise" investors, and (a) there is no institution or place within the territory of China or (b) Yield (subject to the relevant dividends and Yield coming from sources within the territory of China) is usually paid at 10% of Tax rate for the income of relevant investors who have established institutions or places within the territory of China but have no actual connection with the institutions or places they have established. Income tax on dividends can be reduced according to tax agreements between China and other jurisdictions. According to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), or the Double Tax Avoidance Arrangement, and other applicable PRC laws, the withholding tax on dividends received by Hong Kong resident enterprises from Chinese resident enterprises in Tax rate may be reduced from 10% to 5% with the approval of the competent authority in Tax Practice if the Hong Kong resident enterprises are deemed to meet the relevant conditions and provisions of the Arrangement for the Avoidance of Double Taxation and other applicable laws by the competent authority in Tax Practice, China. However, according to the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the State Taxation Administration, if the relevant Tax Practice institution in China determines, at its discretion, that a company has benefited from the relevant reduced income tax rate due to a structure or arrangement driven mainly by Tax Practice, the relevant Tax Practice institution in China may adjust the preferential tax treatment. According to the Announcement on Relevant Issues Concerning the "Beneficial Owners" in Tax Treaties (《關於税收協定中"受益所有人"有關問題的公告》) issued on February 3, 2018 by the State Taxation Administration and effective from April 1, 2018, which

replaces the Notice on Interpretation and Identification of Beneficiary Owners in the with respect to Tax Agreement and the Announcement on Identification of Beneficiary Owners in the with respect to Tax Agreement issued by the State Administration of Tax Practice, the "Beneficiary Owners" shall be clearly excluded from agent/power of attorney and the designated wire transfer loss payee as "Beneficiary Owners" based on comprehensive analysis of the factors and actual conditions specified therein.

Value-added tax

According to the Provisional Regulations on Value Added Tax (《增值税暫行條例》) promulgated by the State Council on December 13, 1993 and recently amended on November 19, 2017 and the Implementing Rules for the Interim Regulations on Value-added Tax (《增值税暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993 and recently amended on October 28, 2011, the Decision of the State Council on Repealing the Interim Regulation of the People's Republic of China on Business Tax and Amending the Interim Regulation of the People's Republic of China on Value-added Tax (《國務院關於廢止<中華人民共和國營業税暫行條例>和修改<中華人民共和國增值税暫行條例>的決定》) promulgated by the State Council and effective on November 19, 2017, the Circular on Adjustment of Value-added Tax Rates (《關於調整增值税税率的通知》) jointly promulgated by Ministry of Finance and the State Taxation Administration on April 4, 2018, and the Announcement on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值税改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax and the value-added tax rates are further revised to 6%, 9% or 13%.

Pursuant to the Notice of Ministry of Finance and State Taxation Administration on Value-added Tax Policies for Software Products (《財政部、國家税務總局關於軟件產品增值税政策的通知》) promulgated on October 13, 2011 and effective on January 1, 2011, a value-added tax general taxpayer selling software products developed and produced by itself shall be subject to levying and collection of value-added tax at the tax rate of 17%, and the policy of forthwith levy and forthwith refund shall be implemented for the portion of value-added tax actually paid which exceeds 3%.

REGULATIONS RELATING TO OVERSEAS LISTING

On July 6, 2021, several PRC regulatory authorities promulgated Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which were available to the public on July 6, 2021 and 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, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

On February 17, 2023, the CSRC promulgated the new regulations for the filling-based administration of overseas securities offering and listing directly or indirectly by domestic companies, which became effective on March 31, 2023. The newly released Trial Measures and five relevant guidelines, along with the Notice of the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the "Filing Arrangements Notice") comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information.

The Trial Measures provides that an overseas listing or offering is explicitly prohibited under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the PRC domestic company intending to make the securities offering and listing, its controlling shareholder(s) or the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

According to the Trial Measures, PRC domestic companies that seek to publicly offer or list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedures with the CSRC within three working days after their applications for overseas offering or listing are submitted. The Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. According to the Trial Measures, PRC domestic companies that submit valid applications for overseas offering and listing after March 31, 2023 shall submit the filings within 3 working days and shall complete the filing procedures prior to their overseas offering and listing.

OUR HISTORY

Overview

We are a leading independent distributed cloud computing service provider in China. We commenced our business operation in May 2018, when Mr. Yao and Mr. Wang, our founders, established PPIO Shanghai, one of our Consolidated Affiliated Entities in China, mainly engaged in "Edge Cloud" business, pioneering a decentralized business model that aggregates distributed computing resources across global locations. Leveraging our global computing power network and underlying technical capabilities (such as distributed cloud computing and AI inference acceleration), we integrate computing resources globally and provide comprehensive solutions from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers. See "Directors and Senior Management—Directors—Executive Directors" in this document for biography details of Mr. Yao and Mr. Wang.

We further expanded our business to global AI cloud market in 2024. See "—Corporate Development—Our Subsidiaries and Consolidated Affiliated Entities" below for details.

Key Milestones

The following table sets forth our key milestones:

Year	Milestones
2018	• PPIO Shanghai was established in May 2018 and we began the research and development of our distributed cloud computing platform.
2019	• We launched our "Edge Cloud" service, pioneering a decentralized business model that aggregates distributed computing resources in China.
2020	• First commercialization. We secured our first customer, one of the largest online video platform in China.
2021	• We achieved rapid revenue growth and have successively partnered with several leading internet companies and established partnerships with two of the largest cloud service providers in China.

Year	Milestones
	• We received series A financing from renowned venture capital investors such as Lanchi Ventures (藍馳創投), CCV Capital (創世夥伴), Hua Capital (華業天成), Panlin Capital (磐霖資本) and AlphaX Partners (沸點資本).
2023	• We entered the AI cloud market and signed contract with our first key AI customer, a well-known large language model company in China.
2024	• We launched our overseas platform and started to expand our AI cloud business to the international market.
	• We executed contract with our first overseas AI cloud customer.
2025	• Our daily tokens consumption reached 141.9 billion in May 2025.
	• We received series B financing in April from Harvest Oriental and LCV Pathfinder.

CORPORATE DEVELOPMENT

Our Company

Incorporation of our Company

Our Company was incorporated in the Cayman Islands on May 6, 2019 with authorized share capital of US$50,000. On May 30, 2019, (i) one ordinary share of US$0.0001 par value was allotted to the initial subscriber and was transferred to Patty William; and (ii) 599 and 400 ordinary shares of US$0.0001 par value were allotted and issued to Patty William and Jaya Skypiea, respectively. At the time of such allotment, the ultimate beneficial owner of Patty William was Ms. Lyu, our Controlling Shareholder, non-executive Director and spouse of Mr. Yao, and the ultimate beneficial owner of Jaya Skypiea was Mr. Wang, our executive Director.

On February 22, 2021, for purpose of share subdivision, our Company repurchased all the issued Ordinary Shares of our Company from Patty William and Jaya Skypiea and subdivided our shares into 5,000,000,000 Shares of a par value of US$0.00001 each. After the share subdivision, our Company issued (i) 450,000,000 Ordinary Shares of par value of US$0.00001 to Patty William; (ii) 180,000,000 Ordinary Shares of par value of US$0.00001 to Jaya Skypiea; and (iii) 180,000,000 Ordinary Shares of par value of US$0.00001 to PP Future on the same date.

Our [REDACTED] *Investments*

From March 2021 to April 2025, we completed several rounds of [**REDACTED**] Investments, for which our Company issued, series Angel Preferred Shares, series A Preferred Shares, series A-1 Preferred Shares, series A-2 Preferred Shares and series B Preferred Shares of our Company to the relevant [**REDACTED**] Investors. See "—[**REDACTED**] Investments" in this section for further details.

Family Wealth Arrangement

Mr. Yao and Ms. Lyu conducted restructuring of their respective shareholdings in our Company (the "**Family Wealth Arrangement**") for the purposes of their family wealth management. Before the Family Wealth Arrangement, our Company was owned as to 28.52% by Patty William, which was wholly owned by Ms. Lyu, 11.41% by PP Future, which was wholly owned by Ms. Lyu through Patty William and 7.79% by Water Seven, which was wholly owned by a family trust with Mr. Yao and Ms. Lyu (collectively as the "**Yao Family**") as beneficiaries (the "**Old Family Trust**").

In May 2025, Ms. Lyu established a new family trust with the Yao Family as beneficiaries (the "**Yao Family Trust**"). The trustee of the Yao Family Trust accepted all the assets distributed by the Old Family Trust and directed its wholly-owned subsidiary, Ant Colony, to accept such assets. After completion of the assets distribution, the Old Family Trust no longer held any interests in our Company through Water Seven.

In May 2025, PP Future allotted and issued 99 shares to Ant Colony of par value of US$0.01 per share. Upon completion of the allotment, PP Future was owned as to 1.00% by Patty William and 99.00% by Ant Colony.

In May 2025, Water Seven allotted and issued one share to Patty William at a consideration of RMB317,370, determined based on the then net asset value of Water Seven. Upon completion of the allotment, Water Seven was owned as to 1.00% by Patty William and 99.00% by Ant Colony.

Upon completion of the Family Wealth Arrangement in May 2025, (i) the direct interests held by Patty William, PP Future and Water Seven in our Company remained unchanged; (ii) PP Future was still wholly and beneficially owned by the Yao Family through Patty William and the Yao Family Trust; and (iii) Water Seven was still wholly and beneficially owned by the Yao Family through Patty William and the Yao Family Trust.

Our Subsidiaries and Consolidated Affiliated Entities

The table below sets forth details of our wholly-owned subsidiaries and Consolidated Affiliated Entities as of the Latest Practicable Date:

Name	Place of establishment/ Incorporation	Shareholding Structure	Registered Capital/Share Capital	Date of Establishment/ Incorporation	Principal Business Activities
Subsidiaries					
PPLabs HK	Hong Kong	100% owned by our Company	HKD1	May 24, 2019	Investment holding and bridge for overseas business
Shanghai DAO	PRC	100% owned by PPLabs HK	RMB380,000,000	June 24, 2019	Investment holding
SWARMNET Singapore	Singapore	100% owned by our Company	SGD1,000	January 22, 2024	Provision of AI cloud service in overseas market
Hivemind US	United States of America	100% owned by our Company	US$100	November 18, 2024	Provision of AI cloud service in overseas market
Consolidated Affiliated Entities					
PPIO Shanghai	PRC	60% owned by Ms. Lyu and 40% owned by Mr. Wang	RMB10,000,000	May 22, 2018	Provision of edge cloud and AI cloud services
Generative Era	PRC	100% owned by PPIO Shanghai	RMB10,000,000	September 6, 2024	Provision of cloud services
Shanghai PAI	PRC	100% owned by PPIO Shanghai	RMB35,000,000	April 2, 2020	Provision of cloud services

Notes:

1. PPLabs HK, SWARMNET Singapore and Hivemind US have been wholly owned by our Company since their respective incorporation.

2. Shanghai DAO has been wholly owned by PPLabs HK since its incorporation.

3. Generative Era has been wholly owned by PPIO Shanghai since its incorporation.

4. On June 17, 2025, a shareholders' resolution has been passed in respect of the dissolution and de-registration of Shanghai PAI.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Throughout the Track Record Period and as of the Latest Practicable Date, we have not conducted any major acquisitions, mergers or disposals.

[REDACTED] INVESTMENTS

We have received the following rounds of [**REDACTED**] Investments since the incorporation of our Company.

Summary of the [REDACTED] Investments

Particulars of the [REDACTED] *Investments*

We have received the following rounds of [**REDACTED**] investments since the incorporation of our Company (collectively, the "[**REDACTED**] **Investments**"). The following table sets forth summary of the [**REDACTED**] Investments:

Name of the investors	Date of the relevant subscription agreement	Approximate subscription price per share	Discount to [REDACTED][(1)]	Number of the shares subscribed	Shareholding upon [REDACTED][(2)]	Date of settlement of the subscription price	Approximate post-money valuation of our Company after each round of [REDACTED] Investments[(3)]
		(US$)	*(%)*		*(%)*		*(US$)*
Series Angel[(4)]							
Millennium[(5)] .	March 8, 2021	0.0425	[REDACTED]	99,067,060 series Angel-2 Preferred Shares	[REDACTED]	March 11, 2021	46,000,000
ALPHAX[(6)]. . .	March 8, 2021	0.0425	[REDACTED]	5,883,529 series Angel-2 Preferred Shares	[REDACTED]		
BRV Aster[(7)] . .	March 8, 2021	0.0425	[REDACTED]	23,530,588 series Angel-2 Preferred Shares	[REDACTED]		
IMO Ventures[(8)] . .	March 8, 2021	0.0425	[REDACTED]	2,354,118 series Angel-2 Preferred Shares	[REDACTED]		

Name of the investors	Date of the relevant subscription agreement	Approximate subscription price per share	Discount to [REDACTED][1]	Number of the shares subscribed	Shareholding upon [REDACTED][2]	Date of settlement of the subscription price	Approximate post-money valuation of our Company after each round of [REDACTED] Investments[3]
		(US$)	*(%)*		*(%)*		*(US$)*
Series A							
BRV Aster	April 16, 2021	0.0850	[REDACTED]	47,058,824 series A Preferred Shares	[REDACTED]	April 19, 2021	108,000,000
ALPHAX	April 16, 2021	0.0850	[REDACTED]	47,058,824 series A Preferred Shares	[REDACTED]	April 16, 2021	
Hua Capital[9]	April 16, 2021	0.0850	[REDACTED]	47,058,824 series A Preferred Shares	[REDACTED]	June 29, 2021	
Ivision Ventures	April 16, 2021	0.0850	[REDACTED]	17,647,059 series A Preferred Shares	[REDACTED]	April 16, 2021	
CCV Fund[10]	November 26, 2021	0.0850	[REDACTED]	8,235,294 series A Preferred Shares	[REDACTED]	December 14, 2021	
Series A-1							
CCV Fund	November 26, 2021	0.1466	[REDACTED]	42,974,079 series A-1 Preferred Shares	[REDACTED]	November 30, 2021	209,000,000
BRV Aster	November 26, 2021	0.1466	[REDACTED]	34,106,412 series A-1 Preferred Shares	[REDACTED]	November 30, 2021	
Everjoy Fortune	November 26, 2021	0.1466	[REDACTED]	20,463,847 series A-1 Preferred Shares	[REDACTED]	November 29, 2021	
ALPHAX	November 26, 2021	0.1466	[REDACTED]	6,821,282 series A-1 Preferred Shares	[REDACTED]	November 30, 2021	
Hua Capital	November 26, 2021	0.1466	[REDACTED]	6,821,282 series A-1 Preferred Shares	[REDACTED]	November 30, 2021	
Panlin Group	November 26, 2021	0.1466	[REDACTED]	6,821,282 series A-1 Preferred Shares	[REDACTED]	November 30, 2021	
Feidian	November 26, 2021	0.1466	[REDACTED]	34,106,412 series A-1 Preferred Shares	[REDACTED]	April 11, 2022	

Name of the investors	Date of the relevant subscription agreement	Approximate subscription price per share	Discount to [REDACTED][(1)]	Number of the shares subscribed	Shareholding upon [REDACTED][(2)]	Date of settlement of the subscription price	Approximate post-money valuation of our Company after each round of [REDACTED] Investments[(3)]
		(US$)	*(%)*		*(%)*		*(US$)*
Series A-2							
Panlin Fund . .	January 19, 2022	0.1582	[REDACTED]	44,247,787 series A-2 Preferred Shares	[REDACTED]	February 18, 2022	238,000,000
Everjoy Fortune . . .	January 19, 2022	0.1582	[REDACTED]	25,284,450 series A-2 Preferred Shares	[REDACTED]	January 28, 2022	
CCV Fund . . .	January 19, 2022	0.1582	[REDACTED]	2,710,270 series A-2 Preferred Shares	[REDACTED]	January 25, 2022	
IMO Global[(11)].	February 21, 2022	0.1582	[REDACTED]	6,321,113 series A-2 Preferred Shares	[REDACTED]	February 25, 2022	
Series B							
Harvest Oriental . . .	April 25, 2025	0.2974	[REDACTED]	36,985,441 series B Preferred Shares	[REDACTED]	April 28, 2025	469,000,000
LCV Pathfinder . .	April 25, 2025	0.2974	[REDACTED]	33,623,129 series B Preferred Shares	[REDACTED]	April 30, 2025	

Notes:

(1.) The discount to the [**REDACTED**] is calculated based on the assumption that (i) the [**REDACTED**] is HK$[**REDACTED**] per Share, being the mid-point of the [**REDACTED**] range; and (ii) the Preferred Shares are fully converted into Ordinary Shares on a one-to-one basis prior to the [**REDACTED**].

(2.) Assuming full conversion of Preferred Shares into Ordinary Shares on a one-to-one basis, the [**REDACTED**] is not exercised and without taking into account Shares may be issued pursuant to options granted under the [**REDACTED**] Global Share Plan.

(3.) Post-money valuation is calculated by multiplying the then subscription price per share by the total number of shares after completion of the relevant subscription (without taking into account Shares may be issued pursuant to options granted under the [**REDACTED**] Global Share Plan) (rounding to the nearest 1,000,000).

(4.) Water Seven has subscribed for (i) 100,000,000 series Angel-1 Preferred Shares for the consideration of US$1,543,329; (ii) 45,635,294 series Angel-2 Preferred Shares for the consideration of US$1,940,020; (iii) 29,411,765 series A Preferred Shares for the consideration of US$2,500,000, of which 8,235,294 series A Preferred Shares has been subsequently transferred to CCV Fund for the consideration of US$700,000; and (iv) 1,714,509 series A-2 Preferred Shares for the consideration of US$271,235.29. Since Water Seven is one of our Controlling Shareholders, the subscription of aforementioned Preferred Shares by Water Seven is not considered as part of our [**REDACTED**] Investment.

(5.) Millennium is an investment platform formed by several [**REDACTED**] Investors for investing in the series Angel-2 Preferred Shares. As of the Latest Practicable Date, Millennium has 14 shareholders and the single largest shareholder owned as to approximately 23.75% of its issued share capital. To the best knowledge of our Company, Millennium and all of its shareholders are Independent Third Parties.

(6.) ALPHAX initially invested in series Angel-2 Preferred Shares through Millennium. In June 2025, Millennium transferred to ALPHAX the 5,883,529 fully paid series Angel-2 Preferred Shares, in consideration of US$250,000 (which equals to the original investment amount made by ALPHAX) and simultaneously, Millennium repurchased all the 1,667 ordinary shares of Millennium held by ALPHAX at the same consideration.

(7.) BRV Aster initially invested in series Angel-2 Preferred Shares through Millennium. In June 2025, Millennium transferred to BRV Aster the 23,530,588 fully paid series Angel-2 Preferred Shares, in consideration of US$1,000,000 (which equals to the original investment amount made by BRV Aster) and simultaneously, Millennium repurchased all the 6,667 ordinary shares of Millennium held by BRV Aster at the same consideration.

(8.) IMO Ventures initially invested in series Angel-2 Preferred Shares through Millennium. In June 2025, Millennium transferred to IMO Ventures the 2,354,118 fully paid series Angel-2 Preferred Shares, in consideration of US$100,000 (which equals to the original investment amount made by IMO Ventures) and simultaneously, Millennium repurchased all the 667 ordinary shares of Millennium held by IMO Ventures at the same consideration.

(9.) On July 12, 2021, Hua Capital executed an assignment form as assignee with Hua Partners Capital Limited ("**Hua Partners**") as assignor, pursuant to which Hua Partners assigned and transferred to Hua Capital all of the rights of Hua Partners in respect of the 47,058,824 series A Preferred Shares of our Company.

(10.) CCV Fund acquired 8,235,294 series A Preferred Shares from Water Seven for the aggregate purchase price of US$700,000. The average price paid for each series A Preferred Share was approximately US$0.0850 which is the same as the subscription price of series A Preferred Shares.

(11.) On February 21, 2022, IMO Global acquired 6,321,113 series A-2 Preferred Shares from Panlin Fund at the price of US$0.1582 per series A-2 Preferred Share which was the investment cost agreed to be paid by Panlin Fund.

Principal terms of the [**REDACTED**] *Investments*

The table below sets forth the other details of the [**REDACTED**] Investments:

Reasons and benefits . . . . At the time of each [**REDACTED**] Investments, our Directors were of the view that our Company would benefit from:

- the additional capital to fund our business development and supplement the Company's working capital;
- the insights for industry, advice on business expansion or strategic direction that the [**REDACTED**] Investors may bring to our Company;
- the strong industry leading position and ample experience of the [**REDACTED**] Investors, which strengthen business cooperation between our Company and the [**REDACTED**] Investors and form a complementary industry chain;
- the network and experience of the [**REDACTED**] Investors in capital markets which may facilitate our Company's future financing; and
- the [**REDACTED**] Investor's investments demonstrating their confidence and recognition in our business, strengths and prospects, which may attract further investments in our Company.

Basis of the subscription price	The considerations for the [**REDACTED**] Investments were determined based on arm's length negotiations between our Company and the relevant [**REDACTED**] Investors at the relevant time after taking into account the timing of the investments and the status of our business and operating entities.
Use of [REDACTED]	The [**REDACTED**] raised from the above [**REDACTED**] Investments are used for the operations of the Group, continuous strengthening of the core competitiveness of products and technologies, improvement of customer service, sales and marketing, and replenishment of Company's working capital. As at the Latest Practicable Date, [**REDACTED**] raised from the [**REDACTED**] Investments has yet to be fully utilized.

Information of [REDACTED] Investors

Name of [REDACTED] Investors	Information of [REDACTED] Investors
Millennium	Millennium is a company incorporated in the BVI with limited liabilities and is an investment platform. As of the Latest Practicable Date, none of the shareholders of Millennium holds more than 30% interest therein. To the best knowledge of our Company, each of Millennium and its shareholders is an Independent Third Party.
IMO Ventures	IMO Ventures is an exempted liability partnership registered in the Cayman Islands. As of the Latest Practicable Date, the general partner of IMO Ventures is Immersion Ventures Management LP, which is ultimately controlled by an Independent Third Party. The ultimate beneficial owner of the largest limited partner in IMO Ventures is also an Independent Third Party.
IMO Global	IMO Global is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands. As of the Latest Practicable Date, IMO Global is ultimately controlled by an Independent Third Party.

Name of [REDACTED] Investors	Information of [REDACTED] Investors
CCV Fund	CCV Fund is an exempted limited partnership registered under the laws of the Cayman Islands. As of the Latest Practicable Date, its general partner is CCV Fund II GP Limited, which is ultimately controlled by an Independent Third Party. CCV Fund is the venture capital fund operated under Cyber Creation Ventures, which is a global venture capital firm. Cyber Creation Ventures specializes in early-stage investments in pioneering global technologies with assets under management approaching US$2 billion.
BRV Aster	BRV Aster is an exempted limited partnership registered in the Cayman Islands. As of the Latest Practicable Date, the general partner of BRV Aster was BRV Aster Partners III, L.P., which was controlled by Mr. Tan Jui Kuang, our former Director. To the best knowledge of our Company, BRV Aster and all its limited partners are Independent Third Parties, and none of the limited partners of BRV Aster are holding more than 30% of the interests therein.
LCV Pathfinder	LCV Pathfinder is an exempted limited partnership registered in the Cayman Islands. As of the Latest Practicable Date, the general partner of LCV Pathfinder is LCV Pathfinder Partners, L.P. which was controlled by Mr. Tan Jui Kuang, our former Director. LCV Pathfinder mainly invests in the technology sector. To the best knowledge of our Company, LCV Pathfinder and its limited partner are Independent Third Parties.
Everjoy Fortune	Everjoy Fortune is a private limited company incorporated under the laws of the Singapore and is an investment holding company principally engaged in industrial investment. To the best knowledge of our Company, each of Everjoy Fortune and its shareholder is an Independent Third Party.

Name of [REDACTED] Investors	Information of [REDACTED] Investors
Hua Capital	Hua Capital is an exempted limited partnership registered in the Cayman Islands. As of the Latest Practicable Date, its general partner is Hua Capital Holding LLC, which is wholly owned by Wisdom Spot (Cayman) Limited, which are ultimately controlled by Independent Third Parties. None of the limited partners of Hua Capital holds more than 30% of the interests therein. Hua Capital primarily focuses on long-term equity investments in privately held companies engaged in the next-generation information technology industry.
Ivision Ventures	Ivision Ventures is an exempted limited partnership registered in the Cayman Islands. As of the Latest Practicable Date, the general partner of Ivision Ventures is Ivision Ventures Ltd., a company incorporated in the Cayman Islands and was controlled by an Independent Third Party. Ivision Ventures has 13 limited partners and none of them holds more than 30% of the interests therein. Ivision Ventures mainly invests in the technology sector. To the best knowledge of our Directors, Ivision Ventures and all its limited partners are Independent Third Parties.
ALPHAX	ALPHAX is an exempted limited partnership registered in the Cayman Islands, with its general partner being AlphaX Partners GP Ltd. which is controlled by an Independent Third Party. ALPHAX has 28 limited partners and none of them holds more than 30% of the interests therein. To the best knowledge of our Company, ALPHAX and all its partners are Independent Third Parties.

Name of [REDACTED] Investors	Information of [REDACTED] Investors
Feidian	Feidian is a limited partnership established in the PRC. The general partner of Feidian is Hainan Feidian Private Fund Management Company Limited* (海南沸點私募基金管理有限公司) which is in turn owned by Independent Third Parties. The limited partners of Feidian are Shanghai Zhangjiang Science & Technology Venture Capital Co., Ltd.* (上海張江科技創業投資有限公司) ("**SHZJ S&T**") and an Independent Third Party. SHZJ S&T is a company incorporated in Shanghai, the PRC and is wholly owned by Shanghai Zhangjiang (Group) Co., Ltd.* (上海張江(集團)有限公司, the "**Zhangjiang Group**"), being a venture capital enterprise. Zhangjiang Group primarily focuses on promoting Zhangjiang to become a scientific and technological innovation center in China and the world. The ultimate shareholder of SHZJ S&T is the State-owned Assets Supervision and Administration Commission of the Shanghai Pudong New District People's Government.
Panlin Fund and Panlin Group	Panlin Group is a company incorporated in the British Virgin Islands, and is wholly owned by an Independent Third Party. Panlin Fund is an exempted limited partnership registered in the Cayman Islands, with its general partner being Panlin Capital II, which is in turn wholly owned by the same Independent Third Party. Panlin Fund has 17 limited partners, among which there is only one limited partner holding over 30% of the partnership interest therein. To the best knowledge of our Company, Panlin Group, Panlin Fund and all of its limited partners are Independent Third Parties.

Name of [REDACTED] Investors	Information of [REDACTED] Investors
Harvest Oriental	Harvest Oriental is a segregate portfolio of Harvest International Premium Value (Secondary Market) Fund SPC ("**Harvest International**"), which is a segregated portfolio company established in the Cayman Islands. Management shares of Harvest International is held as to 91% by Harvest Global Investments Limited ("**HGI**"), which is a wholly-owned subsidiary of Harvest Fund Management Co., Ltd.* (嘉實基金管理有限公司) and the remaining 9% is held by Harvest Global Capital Investments Limited, a company incorporated in Hong Kong licensed to carry out type 1, type 4 and type 9 regulated activities under the SFO and is principally engaged in asset management and investment advisory business.

Special Rights of the [REDACTED] Investors

The [**REDACTED**] Investors were granted certain special rights, including, among others, registration rights, information rights, inspection rights, pre-emptive rights, rights to appoint Directors, right of first refusal, drag-along rights, co-sale rights and rights to require redemption of Preferred Shares (the "**Divestment Rights**").

Set out below is a brief description of certain special rights:

Special rights	Brief description
Registration rights	Holders of at least 40% of the outstanding Ordinary Shares issued or issuable upon the conversion of the Preferred Shares have the right to request the Company to register and effect any registration under the U.S. Securities Act of 1933.
Information rights	Each member of the Group shall deliver to each holder holding more than 2% of the outstanding share capital of the Company (the "**Eligible Holder**") the unaudited annual consolidated financial statements, unaudited quarterly consolidated financial statements, and operating budget forecasting within designated period and shall deliver audited annual financing statements as soon as practicable.
Inspection rights	Eligible Holder shall have the right to, at its own costs, visit and inspect the facilities, records and books of the members of the Group, at any time during regular working hours upon reasonable prior notice.
Drag-along rights.	At any time after five years from the closing of round B [**REDACTED**] Investment and if the Company fails to consummate a qualified [**REDACTED**], in the event that the holders of a majority of series B Preferred Shares, series A-2 Preferred Shares, series A-1 Preferred Shares and series A Preferred Shares, and holders of a majority of Ordinary Shares propose to approve (a) any acquisition of at least 50% of the total voting power in the Company by a purchaser, the other shareholders and their respective assignees shall transfer all of their shares in such transaction to the same purchaser; (b) a sale, lease or other conveyance of all or substantially all of the assets of the Company; or (c) any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

Special rights	Brief description
Pre-emptive rights	Each Eligible Holder has the pre-emptive right to purchase share(s) (assuming full conversion of the Preferred Shares and on a fully-diluted basis) on pro rata basis of new securities which the Company may, from time to time, propose to sell and issue except for (i) Ordinary Shares issued upon conversion of Preferred Shares; (ii) Ordinary Shares issued or issuable pursuant to the [**REDACTED**] Global Share Plan; (iii) Ordinary Shares issued pursuant to the exercise of duly approved options, warrants or other convertible securities; (iv) any securities issued pursuant to a share split, share dividend, combination, recapitalization or like event; and (v) any equity securities issued pursuant to an [**REDACTED**].
Protective provisions	The Company shall not authorize the performance of any of the following unless approved in writing by the majority of holders of the Preferred Shares (excluding holders of series Angel Preferred Shares) in advance: (i) any material amendment or change of the rights, preferences, privileges of the Preferred Shares; (ii) increases the authorized number of the Preferred Shares; (iii) approves any merger, or other corporate reorganization or acquisition; (iv) payment of a cash dividend; (v) approves the purchase, redemption or other acquisition of any Ordinary Shares.
Rights of first refusal and co-sale rights	If a holder of Ordinary Share(s) proposes to transfer any of its Ordinary Shares, Patty William and Jaya Skypiea, the Company and the Eligible Holders shall have the right of refusal in sequence and if an Eligible Holder does not exercise its right of first refusal, it shall have the right to co-sale with the selling shareholder.
Rights to appoint directors.	The holders of a majority of the series A-2 Preferred Shares, the series A-1 Preferred Shares and the series A Preferred Shares, voting together as a single class, shall be entitled to elect one Director. The holders of a majority of series Angel Preferred Shares as a single class, shall be entitled to appoint one Director. The holders of a majority of Ordinary Shares, voting as a separate class, shall be entitled to elect three Directors.

Special rights	Brief description
Divestment Rights	At any time and from time to time (i) after five years from the issue of series B Preferred Shares and if the Company fails to consummate a qualified [**REDACTED**] or (ii) any contracts among the group companies designed to provide the Company with control over, and the ability to consolidate the financial statements of, direct or indirect subsidiaries and/or controlled entities are void, in material breach or terminated and no solution has been agreed between the Company and Shareholders, the holders of a majority of series B Preferred Shares, a majority of series A-2 Preferred Shares, a majority of series A-1 Preferred Shares or a majority of series A Preferred Shares may require the Company to redeem all or any part of their respective outstanding Preferred Shares.

Pursuant to the deed of termination dated June 6, 2025, the Divestment Rights and the rights to appoint directors will be terminated immediately before the filing of the [**REDACTED**] application, and all the other special rights will be terminated upon the completion of the [**REDACTED**].

All the Preferred Shares of our Company will be converted into Ordinary Shares of our Company on the [**REDACTED**]. For further information about the shares of our Company, please see "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document.

Joint Sponsors' Confirmation on compliance with [REDACTED] Investment guidance

On the basis that (i) the [**REDACTED**] Investments were irrevocably settled more than 28 clear days before the date of first filing of the [**REDACTED**] by the Company with the Stock Exchange, and (ii) the Divestment Rights and the rights to appoint directors granted to the [**REDACTED**] Investors have ceased to be effective immediately before the first filing of the Company's [**REDACTED**], and all other special rights granted to the [**REDACTED**] Investors will be terminated upon [**REDACTED**] on the [**REDACTED**], the Joint Sponsors have confirmed that the [**REDACTED**] Investments as disclosed herein are in compliance with the requirements set out in Chapter 4.2 of the Guide For New Listing Applicants issued by the Stock Exchange.

[**REDACTED**]

Each of Patty William, Jaya Skypiea, PP Future and Water Seven will be core connected persons of our Company upon [**REDACTED**]. Thus, the Shares held by them representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately following the completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares on a one-to-one basis, the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued pursuant to the [**REDACTED**] Global Share Plan) will not be counted as part of the [**REDACTED**] of our Company upon completion of the [**REDACTED**].

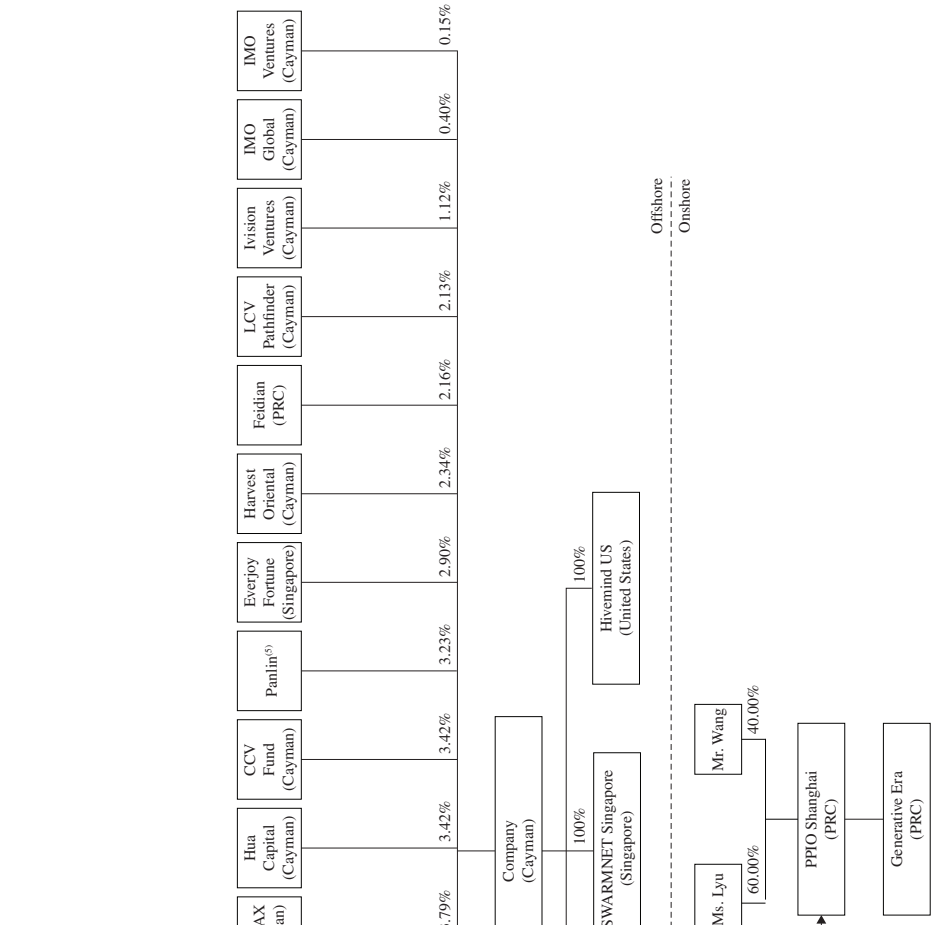
None of our [**REDACTED**] Investors (i) is a core connected person of our Group; (ii) is any person whose acquisition of securities has been financed directly or indirectly by a core connected person of our Group; or (iii) is accustomed to take instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in its name or otherwise held by it, the [**REDACTED**] Shares held by the [**REDACTED**] Investors representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately following completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares into Ordinary Shares on a one-to-one basis, the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any option granted under the [**REDACTED**] Global Share Plan), will be counted as part of the [**REDACTED**] of our Company upon completion of the [**REDACTED**].

Taking into account the Shares held by the [**REDACTED**] Investors and the Shares to be issued to public shareholders pursuant to the [**REDACTED**], our Company will be able to satisfy the [**REDACTED**] requirement under Rule 8.08 of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure before the [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately before completion of the [**REDACTED**] (assuming full conversion of Preferred Shares into Ordinary Shares on a one-to-one basis):



Notes:

(1) PP Future is owned as to 99.00% by Ant Colony and 1.00% by Patty William.

(2) Water Seven is owned as to 99.00% by Ant Colony and 1.00% by Patty William.

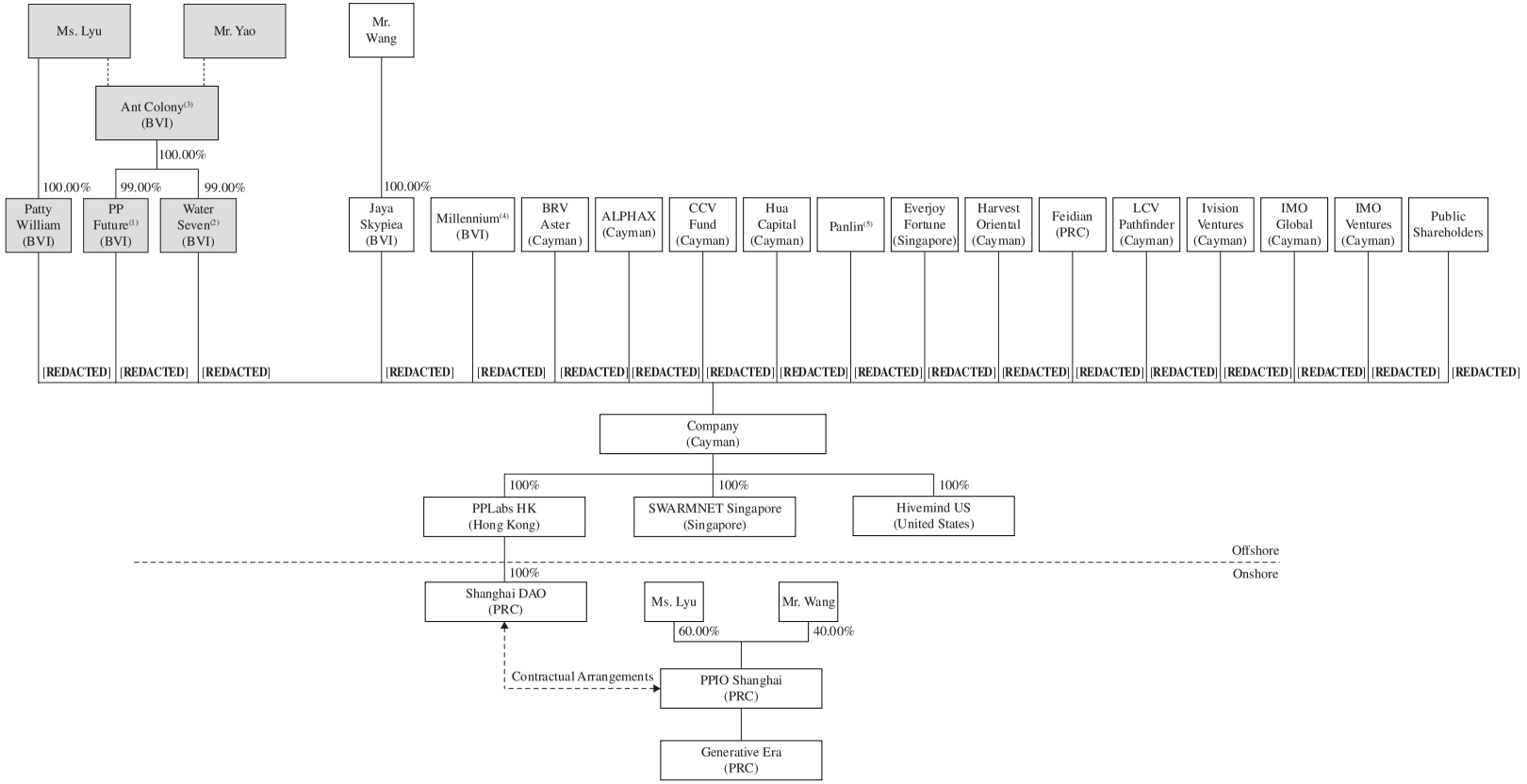
(3) Ant Colony is wholly owned by the Yao Family Trust with Mr. Yao and Ms. Lyu as beneficiaries. Mr. Yao and Ms. Lyu were appointed as members of protective committee and investment committee who has power on key matters in respect of the Yao Family Trust.

(4) Millennium is owned by 14 shareholders, the single largest shareholder among which owns approximately 23.75% of the total issued share capital of Millennium. To the best knowledge of our Company, Millennium and all of its shareholders are Independent Third Parties.

(5) Panlin includes Panlin Fund and Panlin Group. See "— [**REDACTED**] Investments — Summary of the [**REDACTED**] Investments — Information of [**REDACTED**] Investors" for details.

Corporate Structure immediately following completion of the [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately after completion of the [**REDACTED**] (assuming full conversion of Preferred Shares into Ordinary Shares on a one-to-one basis, the [**REDACTED**] is not exercised and no Shares are issued under the [**REDACTED**] Global Share Plan):



Note: See the notes to the paragraph headed "—Corporate Structure before the [**REDACTED**]" in this section.

PRC REGULATORY REQUIREMENTS

M&A Rules

Under the M&A Rules, a foreign investor may be required to obtain necessary approvals when it:

(a) acquires the equity of a domestic non-foreign invested enterprise thereby converting the domestic enterprise into a foreign-invested enterprise;

(b) subscribes for the increased capital of a domestic non-foreign invested enterprise so as to convert the domestic enterprise into a foreign-invested enterprise;

(c) establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise; or

(d) purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise.

The M&A Rules, among other things, further purports to require that an offshore special vehicle, or a special purpose vehicle, that is controlled directly or indirectly by PRC companies or individuals and that is formed for the purpose of an overseas listing of the interests in a PRC company, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisor has advised us that, based on its understanding of the current PRC laws and regulations, we are not required to submit an application to the CSRC for the approval of the [**REDACTED**] and [**REDACTED**] of our Shares on the Stock Exchange under the M&A Rules, given that (i) our PRC subsidiary that is the foreign invested enterprise was incorporated as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC entities or individuals as defined under the M&A Rules that are our beneficial owners; (ii) we do not constitute a "special purpose vehicle" to which the relevant provisions of the M&A Rules are applicable. However, our PRC Legal Advisor has further advised us that its opinions summarized above are subject to any new laws, regulations and rules or detailed implementations and interpretations in any form relating to the M&A Rules.

SAFE REGISTRATION IN THE PRC

Pursuant to SAFE Circular 37, promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident, including a PRC resident natural person and a PRC legal person must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

SAFE Circular 37 supersedes the SAFE Circular 75 promulgated by SAFE on October 21, 2005 and became effective on November 1, 2005.

Pursuant to the Circular of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**SAFE Circular No. 13**"), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interests in the domestic entity was located.

Our PRC Legal Advisor has advised that Ms. Lyu has completed her foreign exchange registration in respect of her investment in our Group in accordance with SAFE Circular No. 37 and SAFE Circular No. 13 in June 2019.

OUR MISSION

Integrate global computing resources to serve computing needs anywhere.

OUR VISION

To become a leading global distributed cloud computing platform, empowering the next intelligent era.

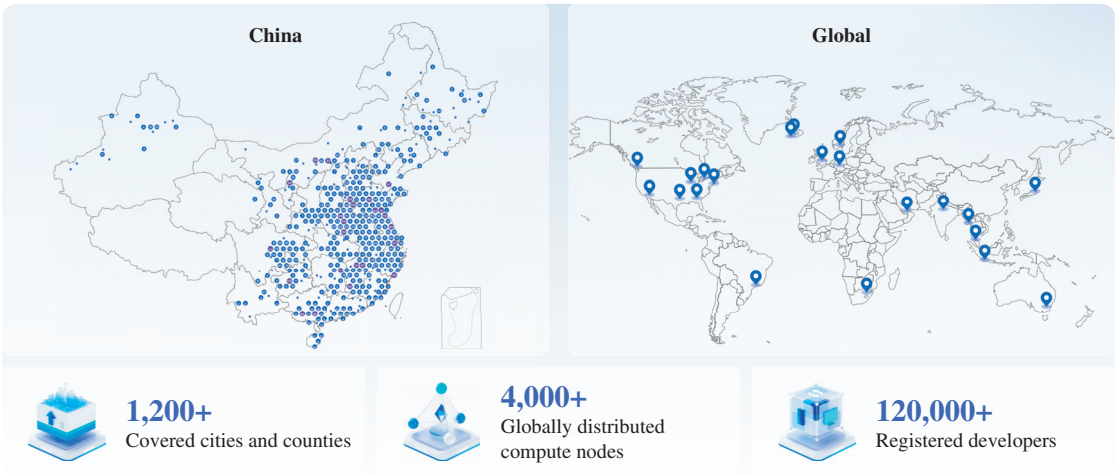
OVERVIEW

We are a leading independent distributed cloud computing service provider in China. According to CIC, we operate the largest computing power network in China in terms of the number of compute nodes as of December 31, 2024, and rank first among independent edge cloud computing services providers in China in terms of revenue in 2024.

Our business began in the area of edge cloud computing services, as we identified significant mismatches between massive demand for and scattered, often underutilized supply of computing power. We established a computing power scheduling platform to aggregate and manage idle computing power from heterogeneous sources and deploy it in an optimal fashion to customers to accelerate content delivery and enhance low-latency computing experience. In 2023, we strategically commenced AI cloud computing services, as the rapid growth of large-scale AI models spurred a surge in demand for GPU computing power as well as AI inference capabilities. Leveraging our global computing power network and underlying technical capabilities (such as distributed cloud computing and AI inference acceleration), we integrate computing resources globally and provide comprehensive solutions from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers.

As of December 31, 2024, our computing power network covered more than 1,200 cities and counties globally with over 4,000 compute nodes. As of the same date, our AI cloud computing services had over 120,000 registered developers throughout the world. In May 2025, our average daily token consumption reached 141.9 billion, ranking us among the top two independent AI cloud computing service providers in China, according to CIC.

Our Computing Power Network(1)



Note:

(1) As of December 31, 2024.

We have gained wide industry recognition for our technological strength and service capabilities. We provide edge cloud computing services and AI cloud computing services to many leading Chinese and international technology companies (including a majority of the top 10 Chinese major internet companies, according to CIC), cloud computing companies and "unicorn" startups.

During the Track Record Period, our revenue grew rapidly from RMB286.1 million in 2022 to RMB358.4 million in 2023 and further to RMB558.0 million in 2024, representing a CAGR of 39.7% from 2022 to 2024.

Our Market Opportunity

The rapid advancement of AI has created enormous demand for computing power. Despite increased supply, computing power globally is still used inefficiently with an average utilization rate between 50% and 70%, due to the heterogeneous nature, widespread geographic distribution and temporal misalignment of resources.

Traditionally, cloud computing service providers rely on self-owned or leased internet data centers (IDCs) or AI data centers (AIDCs) as their primary source of computing power, but such heavy-asset business models have limitations. First, building an IDC or AIDC generally requires extensive, years-long planning and significant capital investment. This prolonged construction process and massive investment cost hinder cloud computing service providers from swiftly adapting to market demand fluctuations, leading to a distinct mismatch between supply and demand. Also, there is discrepancy between the optimal locations for computing power supply and the actual demand. Many computing tasks originate from densely populated areas, where energy and construction costs tend to be high. At the same time, regions with lower energy prices, abundant green energy and good cooling conditions (such as western China and high-altitude, high-latitude mountainous areas) often lack sufficient demand, leading to underutilization of local computing resources. These limitations underscore the pressing need for innovative approaches that ensure computing resources are utilized efficiently and keep pace with the accelerating demands of AI advancements while promoting sustainable development.

Distributed cloud computing platform, with its flexible resource allocation and asset-light operating model, can effectively address the constraints of the traditional approach. Distributed cloud computing service providers consolidate idle computing power resources and efficiently allocate such resources to nearby end users through scheduling algorithms. This approach can balance peak and off-peak demand within regional computing resources, enhancing the overall resource utilization. As a result, distributed cloud computing has experienced explosive growth in recent years. According to CIC, the global edge cloud computing services market amounted to RMB185.1 billion in 2024; the Chinese edge cloud computing services market reached RMB13.2 billion in 2024, and is expected to approach RMB37.0 billion in 2029; the global AI cloud computing services market reached RMB31.5 billion in 2024, and is expected to approach RMB427.7 billion in 2029, representing a CAGR of 68.5% between 2024 and 2029.

The development of AI and the introduction of large-scale AI models are revolutionizing everyday life and work scenarios. While vast amounts of computing power have been utilized by AI developers to train their models to ever higher degrees of capability and sophistication, increasing resources are now devoted to AI "inference," the process of using trained AI models to generate insights in application scenarios. We believe that, in the long run, AI inference will replace AI training as the primary driver for the growth of demand for computing power, because AI inference applications will likely seep into the finest fabric of people's life and work scenarios and result in computing power needs on an unimaginable scale. For the same reason, we believe there will be tremendous demand for highly elastic and cost-effective AI inference solutions among enterprise users and individual developers. According to CIC, we are among the earliest players in the Chinese distributed cloud computing market to offer AI cloud computing services.

Our Products and Services

We have built a computing power scheduling platform based on distributed computing technology, aiming to address the structural mismatch in the supply and demand of global computing resources. Our computing power network consolidates fragmented, idle computing resources worldwide, achieving efficient supply and demand matching through our scheduling algorithms. Leveraging our longstanding expertise in distributed computing technology, we integrate spatially fragmented heterogeneous computing power into standardized full-stack products and solutions, from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers.

Our services include edge cloud computing services and AI cloud computing services:

- *Edge cloud computing services*. Our edge cloud computing services integrate dispersed and heterogeneous computing resources from third-party providers to meet our customers' needs for edge computing and transmission. Instead of transmitting data to a centralized cloud data center, our edge cloud computing services allow the computation to be processed at the "edge" of the internet, near where the data are generated and used. This capability is essential for customers who

process huge volumes of data at high speed in real time (for example, audiovisual content providers), where low latency is critical for good user experience. Specifically, we provide the following services:

- *Edge node services*. Leveraging our widely distributed network of edge compute nodes, edge node services relocate computing power from central nodes to edge nodes closer to users, aimed at supporting scenarios such as edge storage, audio and video processing, video transcoding and distribution. Specifically, our offerings include edge containers and edge bare metals. Edge containers are virtualized units deployed at the edge that allow applications to run efficiently at or near where data are generated, reducing latency and improving performance for real-time applications. Edge bare metals refer to physical, standalone servers deployed at the edge that provide dedicated hardware resources for computing.

- *Edge content delivery network (Edge CDN)*. Our edge CDN is built on an expansive network of edge nodes and draws on our expertise in intelligent scheduling, distributed caching and network transmission technologies. The primary application scenarios of our edge CDN include file download, patch upgrade, video-on-demand and live streaming. Unlike traditional CDNs, our edge CDN is more deeply integrated into local networks, placing servers closer to end users. This proximity improves transmission quality, providing users with smoother video playback and faster content delivery experiences.

• *AI cloud computing services*. Leveraging the distributed GPU computing resources integrated within our computing power network, we launched AI cloud computing services in 2023. As AI models continue to grow in scale and complexity, our comprehensive product portfolio addresses a wide range of demands in the field of AI inference. This includes providing elastic GPU computing resources required by large enterprises, as well as diverse model services tailored for small- and medium-sized enterprises (SMEs) and developers. Our services are designed to overcome the cost and technical barriers faced by clients worldwide in adopting new technologies. Specifically, we offer the following products with basic to advanced functions:

- *GPU cloud services*. Our GPU cloud services provide customers with access to powerful computing resources without the need to purchase physical GPUs or manage GPU servers. The architecture is highly elastic, automatically scaling in or out based on demand, and operates on a pay-as-you-go model, where customers are charged only for actual usage. Our services go beyond merely consolidating GPU resources. We deliver a robust, AI-native runtime environment specifically tailored for the unique needs of generative AI and machine learning workloads. Key features of our GPU cloud services include an optimized inference engine, pre-built templates for rapid deployment,

demand-driven automated scaling and integrated observability. These features establish our GPU cloud services as a comprehensive platform for AI inference, offering efficiency, flexibility and reliability for developing and scaling AI applications.

- *Model API*. Our model APIs are gateways for our customers to access pre-built, ready-to-use models (which are mainly large language models (LLMs) and multimodal models) that cater to customers who lack the capability to build, train or manage highly complicated AI models themselves. We provide two types of services: first, our model APIs provide direct access to leading open-source models, allowing our customers to use such open-source models directly and conveniently; second, for customers who prefer to use their self-developed models, we host such models on our infrastructure. This allows our customers to retain control over their data and model behaviors, while benefiting from the scalability, efficiency and reliability of our infrastructure.

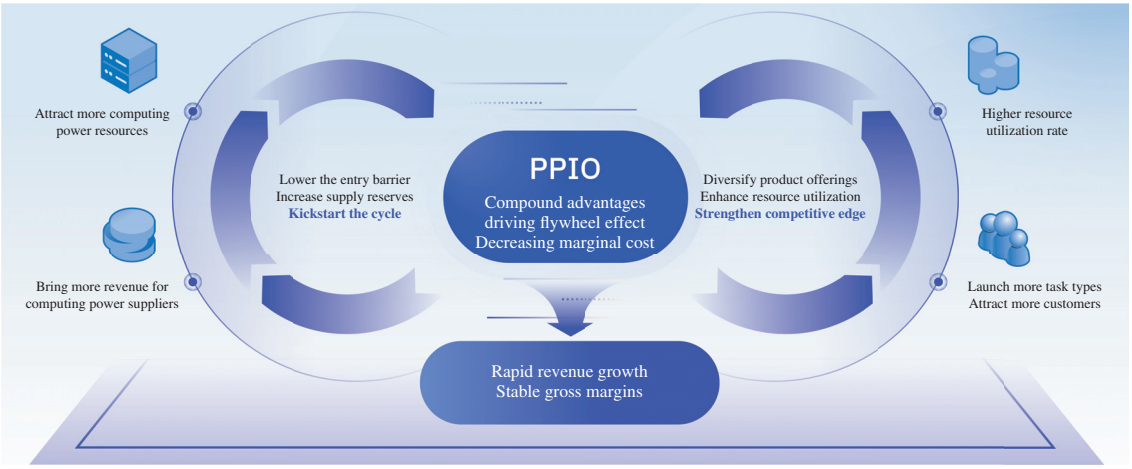
Our products and services can be used across a wide range of application scenarios, for example AI applications, AI-driven research and education, general-purpose agents, digital avatars, real-time audiovisual processing, 3D modeling and embodied AI. In these scenarios, our solutions play vital roles, such as enabling natural language interaction and behavior generation for digital avatars, enhancing semantic understanding and contextual relevance in AI applications, AI-driven research, streamlining content creation for 3D modeling, and supporting multimodal reasoning in embodied AI systems. These capabilities allow customers to seamlessly integrate intelligent functionalities into their business workflows and improve user experiences.

Our Ecosystem

Based on our computing power scheduling platform and computing power network, we have established an ecosystem that effectively connects idle computing resources with computing demand. For suppliers of computing power, such as data centers, telecom operators and enterprises with excess servers, our platform addresses a persistent challenge in the industry: the high idle rate of computing resources. According to CIC, the average utilization rate of IDCs globally is only around 50% to 70%, and may be lower for other types of computing power suppliers, leaving significant capacity untapped. Our service is essential in unlocking this potential, enabling suppliers to monetize their idle resources and generate new revenue streams with minimal operational adjustments. For our customers, we provide cost-effective, low-latency and highly elastic cloud computing solutions tailored to meet a diverse range of needs. By using our platform, customers save on the substantial costs and complexities associated with building and maintaining their own data centers. In addition, elasticity of our services accommodates real-time resource adjustment in response to fluctuating demand, thereby enabling our customers to only pay for the actual usage of the computing power and optimizing resource utilization.

As an independent cloud computing service provider, we possess unique competitive advantages over non-independent providers, which are mainly operated by major internet companies. Even though larger in size, such services are constrained by inflexibility when integrating computing power outside their existing systems. In contrast, as an independent cloud computing service provider, our platform faces far fewer limitations when accessing external computing resources and serving clients globally, providing a more adaptable and flexible approach.

As our platform connects more customers and suppliers, suppliers can sell their computing power ever faster, while customers find it ever easier to access readily available computing resources. This dynamic interaction further enhances the vitality of our ecosystem. The diagram below illustrates our distributed cloud computing ecosystem:



COMPETITIVE STRENGTHS

We believe that the following competitive strengths have played a key role in our success and differentiate us from our competitors.

China's leading independent distributed cloud computing service provider, well positioned for the new intelligent era

We are a leader, pioneer and innovator in the distributed cloud computing services industry:

- *Leader*. We are a leading independent distributed cloud computing service provider in China. According to CIC, we operate the largest computing power network in China in terms of the number of compute nodes as of December 31, 2024, and rank first among independent edge cloud computing services providers in China in terms of revenue in 2024.

- *Pioneer*. Our founding team comprises a group of pioneers with over 20 years of experience in distributed systems. Recognizing significant mismatches between massive demand and scattered, often underutilized supply, we were one of the earliest in the industry to establish a computing power scheduling platform to aggregate and manage idle computing power from heterogeneous sources and deploy it in an optimal fashion to customers to accelerate content delivery and enhance low-latency computing experience.

- *Innovator*. We have innovated our platform and services in response to the burgeoning growth of large-scale AI models in the generative AI era. This evolution has ignited the demand for GPU computing power and AI inference capabilities. We launched our AI cloud computing services by integrating AI capabilities to our computing power network. Our AI cloud computing services equip our customers with an AI computing power platform and a suite of AI inference tools essential for the generative AI era, such as the high-performance inference engine, distributed cloud platform and model APIs. According to CIC, we are among the earliest players in the Chinese distributed cloud computing market to offer AI cloud computing services.

The dawn of the generative AI era is spurring significant demand for computing power, and the need for low-cost, highly flexible AI inference computing power is steadily increasing among enterprise users and individual developers. Based on our experience in the distributed cloud computing industry and our strategic positioning in the AI cloud computing field, we believe we have a first-mover advantage to capture the vast market opportunities brought by AI.

Efficient and highly scalable business model that facilitates organic growth

Our computing power network is central to our operations and connects various stakeholders within our business ecosystem, including computing power providers, users and AI developers. We benefit from this efficient and highly scalable platform-based business model which facilitates our organic growth:

- *Organic growth*. Our platform aggregates global computing resources to empower users and AI developers worldwide, effectively addressing mismatches in the computing power market. This drove the rapid growth for our platform during the Track Record Period. The number of compute nodes in our computing power network increased from over 2,600 as of December 31, 2022 to over 2,800 as of December 31, 2023 and further to over 4,000 as of December 31, 2024. In line with our business growth, our revenue grew rapidly from RMB286.1 million in 2022 to RMB358.4 million in 2023 and further to RMB558.0 million in 2024, representing a CAGR of 39.7% from 2022 to 2024.

- *High efficiency*. We employ an asset-light business model with minimal capital expenditure, which affords us the flexibility to channel more resources into research and development activities and enhance our capacity to innovate and adapt swiftly to market changes while consistently improving profitability.

- *High scalability.* Our distributed cloud computing services platform accommodates rapid and seamless scalability, enabling efficient replication across regions. By leveraging our interconnected computing power network, we rapidly expanded our business from certain regions to almost all regions in China. This scalability optimizes resource utilization while catering to the increasing global demand for computing power. Our capability to replicate and expand swiftly contributes to a resilient ecosystem that accommodates the growing needs of AI developers and end-users.

Strong technological foundation and robust R&D capability

In the ever-evolving landscape of cloud computing services, we have carefully developed our core technologies to enhance flexibility, scalability and accessibility. With a commitment to compatibility and independence, our distributed cloud computing platform offers advantages in providing cutting-edge solutions tailored to the adaptive and diverse demands in the generative AI era. We possess the following core technologies:

- *Proprietary distributed computing architecture*. At the heart of our operations is a robust distributed computing power scheduling platform that seamlessly manages our expansive compute nodes network. Our system integrates diverse computing resources into a unified resource pool. Through intelligent workload scheduling, our architecture reduces the heterogeneity of underlying hardware, enabling seamless integration of diverse compute resources while serving as a standardized access point for upper-layer applications. In addition, based on a lightweight cloud-native architecture, our system efficiently organizes fragmented edge computing resources, significantly reducing system overhead compared to traditional solutions. This ultra-compact design supports deployment on single-server edge nodes, maximizing resource utilization even in constrained environments. Further, using machine learning techniques, our automatic fault-diagnosis system predicts potential node failures and dynamically adjusts task redundancy in real time.

- *World-leading computing power network and scheduling capabilities*. We have established a distributed computing network covering more than 1,200 cities and counties globally with over 4,000 compute nodes as of December 31, 2024. This high-density compute node deployment enables millisecond-level latency (as short as 10 milliseconds) for local distribution, providing infrastructural support for scenarios such as real-time audiovisual content delivery and AI inference.

  Our SDN@Edge intelligent three-layer network architecture overcomes the limits of traditional tree-structured systems by using a mesh-structured, cross-operator unified overlay network combined with our proprietary adaptive connection networking protocol (ACNP). This reduces end-to-end latency to under 30 milliseconds while dynamically allocating bandwidth to meet high-throughput needs. Real-time monitoring and optimization of network paths address issues such as traffic congestion and node failures, ensuring reliable data transfer across heterogeneous networks.

  Supported by our self-developed serverless engine, our system is able to schedule and allocate tasks within 200 milliseconds. Combined with multi-path redundancy and real-time monitoring, the system achieved averagely 99.95% network availability based on our internal testing in 2025. This capability is boosted by our proprietary algorithms, which predict resource demand based on historical data and business patterns, increasing platform resource utilization to over 85%, representing a 30% improvement over traditional methods.

- *Distributed inference acceleration for LLMs.* We developed inference acceleration technology for a variety of LLMs. For example, we enhanced widely adopted open-source models through a combination of hardware and software innovations. By intelligently combining compute tasks, simplifying calculations, using techniques such as speculative sampling, we boosted the model output efficiency by over seven times and reduced theoretical operating costs by 85.7%. Such optimization facilitates faster and more affordable AI performance without sacrificing quality.

  We also optimized the DeepSeek-R1 model using innovative distributed computation techniques such as pre-filling decoding separation, which improves communication efficiency and balances workloads. These measures led to an over tenfold improvement in throughput and reduced theoretical operating costs by up to 90%. These innovations provide a high-performance, cost-effective solution that meets the diverse and demanding requirements of modern AI applications.

Our research has led to significant technical advances in critical facets of distributed cloud computing, such as workload forecasting and fault awareness within heterogeneous edge environments, as well as intelligent resource scheduling and context-aware task dispatching. In collaboration with leading research institutions, we have published or presented 18 high-impact papers in top-ranked journals or academic conferences, such as the IEEE INFOCOM (Institute of Electrical and Electronics Engineers—International Conference on Computer Communications), a leading conference that focuses on key topics and issues related to computer communications.

Vibrant ecosystem with flywheel effect

Based on our computing power scheduling platform and computing power network, we have created an ecosystem that effectively bridges idle computing resources with computing demand. Surrounding our platform is a vibrant ecosystem consisting of computing power users, AI developers, computing power suppliers and other ecosystem partners, such as research institutions and industry organizations. Our customers include a majority of the top 10 Chinese major internet companies, according to CIC.

Our ecosystem effectively connects idle computing resources from our suppliers with computing demand from our customers. For suppliers of computing power, such as data centers, telecom operators and enterprise with excess servers, our platform addresses a persistent challenge in the industry: the high idle rate of computing resources. According to CIC, the average utilization rate of IDCs globally is only around 50% to 70%, and may be lower for other types of computing power suppliers, leaving significant capacity untapped. Our service is essential in unlocking this potential, enabling suppliers to monetize their idle resources and generate new revenue streams with minimal operational adjustments. For our customers, we provide cost-effective, low-latency and highly elastic cloud computing solutions tailored to meet a diverse range of needs. By using our platform, customers save on the substantial costs and complexities associated with building and maintaining their own data centers. In addition, elasticity of our services accommodates real-time resource adjustment in response to fluctuating demand, thereby enabling our customers to only pay for the actual usage of the computing power and optimizing resource utilization.

Our computing power–centered ecosystem is characterized by a strong, self-reinforcing flywheel effect that continually boosts its value. As our platform attracts more customers, in effect, our computing power suppliers gain more users to their computing power resources. The growing user base allows us to secure computing power at more advantageous rates, thus reducing costs for our customers and enhancing the platform's appeal. As this cycle continues, the ecosystem becomes increasingly advantageous and attractive for both users and suppliers, reinforcing its growth and sustainability.

Furthermore, we have engaged in collaborative research or strategic alliance with various academic institutions and industry organizations, enhancing the diversity and vibrancy of our ecosystem. For example, we, along with several leading research organizations and enterprises, formed the Future Computing Power Network Collaborative Scheduling Alliance. This alliance is designed to be a collaborative development platform for Chinese industry players, aiming to build an extensive network with high computing power, transmission capacity and cost efficiency.

Commitment to environmental sustainability and social responsibility

AI computing is highly energy intensive. As AI workloads grow in complexity and scale, the associated energy consumption increases correspondingly, contributing to higher operational costs and environmental impact. Since our inception, we have embraced sustainability as a core principle within our business model and ethos. Our business is intrinsically anchored on energy conservation, carbon footprint minimization and fulfilment of social responsibilities.

Traditional IDCs often struggle with low energy utilization efficiency. In pursuit of economies of scale, many IDCs maintain a large number of servers under a single compute node, which results in substantial energy consumption for server cooling. Inefficiently operated IDCs can devote more than 30% of their total energy consumption for server cooling, leading to high PUE values. In contrast, our distributed platform can connect smaller compute nodes and those strategically located across diverse environments. This approach helps to reduce the reliance on higher PUE compute resources and ultimately increase overall platform energy efficiency.

In addition, our distributed cloud computing services contribute to environmental sustainability by optimized computing power scheduling. For example, we can allocate latency-insensitive computing tasks—those that do not require immediate proximity to end users—to compute nodes in high latitude regions (such as our compute nodes in Iceland and Norway), where the naturally lower temperatures reduce the energy required for server cooling. In addition, we can also direct tasks to computing resources powered by renewable energy, thereby further enhancing our environmental efficiency.

Meanwhile, our distributed cloud computing network leverages existing, underutilized compute nodes, and therefore reduces the need to build additional massive, centralized data centers. Our technology also effectively extends the useful life of computing equipment and reduces the need for constantly replacing or expanding centralized facilities. This reduces e-waste and the carbon footprint associated with production and disposal of computing equipment.

We also demonstrate our commitment to social responsibility through our support for local communities. The presence of data centers in low-tier cities contributes significantly to the local economy, serving as a catalyst for technological development and infrastructure improvement. By maximizing the computing power utilization of these local data centers, our network not only bolsters the productivity of the region but also fosters community growth.

Environmental sustainability and social responsibility are integral to our corporate values. We consistently aim for excellence in environmental stewardship and remain committed to our social responsibilities, striving to be a leader in the cloud computing industry devoted to creating a better future.

Visionary management team with extensive industry background

We have a visionary management team with solid industry background and entrepreneurial experience. Our core management team collectively bring over 20 years of professional expertise, coupled with strong technical abilities and commercialization skills.

Our CEO, Mr. Yao Xin, is a serial entrepreneur and investor with rich experience in building global-scale technology platforms and driving frontier tech investments. As the founder of PPTV, he pioneered the world's first P2P-streaming protocol in 2004, scaling it into China's premier internet TV platform. After exiting from PPTV, he became a venture partner at Lanchi Ventures, a leading technology-focused venture fund, where he focused on early-stage investments in the AI field globally. Mr. Yao's global vision drives our commercial and strategic expansion.

Our CTO, Mr. Wang Wenyu, is a highly accomplished tech serial entrepreneur. He co-founded and served as the CTO of PPTV, developing its distributed video streaming services and pioneering various P2P audiovisual streaming distribution technologies. During his second entrepreneurial venture, Mr. Wang co-founded and served as the CTO of Jidou Auto, where he designed the hardware and software-integrated intelligent cabin and China's first automotive smart operating system. Mr. Wang has published 15 papers on edge computing, artificial intelligence and large-scale model and holds 18 patents.

Our Chief Scientist, Professor Wang Xiaofei, is a leading expert in the fields of edge computing and AI systems. He has authored over 200 high-impact research papers, which have garnered more than 11,000 citations. Professor Wang has also received the Fred W. Ellersick Prize, a prestigious prize awarded by the IEEE Communications Society for outstanding papers. His seminal work, *Edge AI*, is among the earliest and most influential publications in the field.

Our Chair of Technology Committee, Professor Jin Hai, is a professor at Huazhong University of Science and Technology, and a pioneer in the field of distributed and parallel computing and cloud computing systems. Professor Jin serves as the Director of the Key Laboratory for Service Computing Technology and Systems of the Ministry of Education, and Director of China Computing NET, a nationwide digital infrastructure that enables the high-speed interconnection of large-scale computing power across China. Through their cutting-edge insights, Professor Wang and Professor Jin help steer us at the forefront of technological innovation, enhancing our ability to deliver superior solutions and sustain a competitive edge in this rapidly evolving field.

OUR STRATEGIES

We plan to implement the following strategies to further develop our business:

Continuously enhance our portfolio of services and solutions

As the rapid evolution of AI transforms industries and reshapes demands on cloud computing infrastructure, we remain committed to staying at the forefront of innovation. Our strategy is rooted in anticipating the future needs of AI technologies and we are committed to delivering low-latency, ready-to-use distributed cloud services that allow intelligent systems to operate seamlessly across a wide range of application scenarios. We will focus on the following perspectives to enhance our portfolio of services and solutions:

- *Scale up our AI cloud computing services*. We will continue to scale and develop our distributed cloud computing services, with an emphasis on supporting AI inference tasks. We intend to expand our collaboration with telecom operators and AIDCs to integrate more underutilized computing power resources into our network. Meanwhile, we will further refine our inference acceleration technology to more effectively leverage cost-efficient computing resources. Additionally, we plan to broaden the range of industry sectors we serve and pursue opportunities in education, healthcare and financial services sectors.

- *Steadily grow our edge cloud computing services*. We will continue to refine our edge transmission technologies to ensure more efficient and cost-effective service delivery. In addition, we will enhance our expertise in the autonomous operation of computing power network, which enables us to better serve application scenarios that require high-bandwidth and low-latency delivery, such as metaverse and real-time cloud-based rendering.

- *Upgrade our multimodal API platform*. The advance of AI technologies requires seamless integration among textual, audio, visual and gestural inputs. Therefore, we aim to build a unified multimodal API platform that bridges models with real-world multimodal inputs. Specifically, we plan to develop APIs for multimodal streaming, which supports continuous, low-latency input and output streaming covering audio, visual, gestural and 3D spatial data. These capabilities are crucial for constructing interactive and immersive AI systems.

Expand our global footprint

The global market for distributed cloud computing services has seen substantial growth in recent years. We are dedicated to seizing the opportunities arising from the ongoing expansion of overseas markets. Our strategy involves entering established and emerging markets to access untapped potential. Specifically, we intend to develop additional global compute nodes and collaborate with more computing power suppliers in these regions to bolster our resource-based competitive advantages.

In addition to our global expansion efforts, we are committed to significantly enhancing the capabilities of our local service teams across key regional markets. Our focus will be on providing customized services such as sales, deployment, maintenance and after-sales support, tailored to address the distinct and diverse needs of local clients. This initiative is designed to ensure our service offerings resonate deeply with each market's unique requirements and expectations.

By leveraging our comprehensive service portfolio and drawing upon our robust research and development capabilities, we will roll out state-of-the-art cloud computing solutions designed to closely align with the local customers' specific demands. Our approach not only seeks to improve user satisfaction but also strives to build long-lasting relationships rooted in understanding and responsiveness. Through this commitment, we will effectively position ourselves as the preferred partner in cloud computing services across a variety of international landscapes.

Continue to enhance our technology capabilities

We will continue to enhance our technology capabilities in the cloud computing services industry. We aim to address the growing complexity of AI applications that rely on ultra-responsive, efficient and scalable solutions. Our efforts will focus on the following key dimensions:

- *Develop ultra-low latency computing power network*. Ultra-low latency computing power network is critical infrastructure to support advanced AI systems to achieve millisecond-level responsiveness and make real-time decisions in scenarios such as autonomous driving, remote surgery and smart manufacturing. We will also enhance the monitoring mechanism of our computing power network to enhance real-time optimization of compute node load balancing.

- *Enhance cloud-edge collaboration*. We aim to optimize resource allocation through further enhancing cloud-edge collaboration. Edge devices will handle local tasks autonomously while transmitting high-complexity workloads to the cloud for hybrid processing. We expect enhanced cloud edge collaboration to improve network throughput and further reduce end-to-end latency, enabling large-scale distributed AI computation to meet the decision-making needs of future superintelligent agents.

- *Improve the integration of intelligent hardware and computing power networks*. Hardware design and optimization will play a pivotal role in unlocking AI's potential. We intend to further integrate next-generation intelligent hardware (such as neural processing units (NPUs)) with our computing power network in order to support long-term operations and high-concurrency scenarios.

Develop and strengthen our ecosystem

We place significant importance on our reputation and influence among global AI developers, as they represent a crucial component in the AI ecosystem. Through innovative product offerings, high-quality developer services and diverse growth strategies, we continually strengthen developer engagement, enhance commercial value and expand our business reach.

To accelerate our business growth, we have established dedicated teams for customer acquisition and developer relations, employing innovative approaches to drive expansion. We plan to continue boosting product visibility and brand influence through targeted digital marketing and social media strategies aimed at attracting potential customers. Additionally, we will maintain a strong presence within the community by hosting online and in-person events such as technical workshops and developer forums. We also aim to draw developers to our products by actively participating in open-source community events and offering open-source integrations.

At the same time, we will foster new partnerships with AI community platforms to integrate our products into their ecosystems and support joint sales initiatives. We also intend to collaborate with leading AI applications and prominent open-source platforms to diversify our customer base and increase brand recognition further.

On the supply side, we are committed to strengthening our computing power network by diversifying suppliers and expanding global collaborations. To meet the demands of diverse computing tasks, we will work with a broader range of computing resource providers and their ecosystems. In addition, we will partner with global telecom operators, data centers, intelligent computing enterprises and traditional cloud service providers. Using flexible pricing models such as on-demand, spot pricing and revenue-sharing, we will accommodate a variety of collaboration needs and business scales.

Our strong technical compatibility and flexible cooperation models position us to attract an increasing number of global computing power suppliers. This helps us enhance our infrastructure and allows us to deliver competitively priced computing resources to our clients. We believe these efforts will further solidify our position as a leader in the distributed cloud computing services market.

Explore strategic alliance, investment and acquisition opportunities

We plan to selectively pursue strategic alliances, investments and acquisitions to reinforce our technological capabilities and bolster our market position. With an eye on targeted expansion and innovation, our approach involves thoroughly exploring and evaluating opportunities that offer complementary or synergistic benefits aligned with our offerings. This pursuit is intended to bolster our competitive strengths and advance our leadership in the distributed cloud computing services industry. We believe these strategic initiatives may accelerate our capacity in delivering cutting-edge solutions and maintaining our industry leadership. As of the Latest Practicable Date, we had not identified any potential target company for acquisition or investment.

OUR SERVICES AND SOLUTIONS

Our Business Model

We are a leading independent distributed cloud computing service provider in China. Our founding team comprises a group of pioneers in distributed cloud systems. We identified significant mismatches between massive demand and scattered, often underutilized supply. We established a computing power scheduling platform to aggregate and manage idle computing power from heterogeneous sources and deploy it in an optimal fashion to customers to accelerate content delivery and enhance low-latency computing experience. In 2023, we strategically commenced AI cloud computing services, as the rapid growth of large-scale AI models spurred a surge in demand for GPU computing power as well as AI inference capabilities. Leveraging our global computing power network and underlying technical capabilities (such as distributed cloud computing and AI inference acceleration), we integrate computing resources globally and provide comprehensive solutions from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers.

Our services include edge cloud computing services and AI cloud computing services:

- *Edge cloud computing services.* Our edge cloud computing services integrate dispersed and heterogeneous computing resources from third-party providers to meet our customers' needs for edge computing and transmission. Instead of transmitting data to a centralized cloud data center, our edge cloud computing services allow the computation to be processed at the "edge" of the internet, near where the data are generated and used. This capability is essential for customers who process huge volumes of data at high speed in real time (for example, audiovisual content providers), where low latency is critical for good user experience. Specifically, we provide the following services:

  - *Edge node services*. Leveraging our widely distributed network of edge compute nodes, edge node services relocate computing power from central nodes to edge nodes closer to users, aimed at supporting scenarios such as edge storage, audio and video processing, and video transcoding and distribution. Specifically, our offerings include edge containers and edge bare metals. Edge containers are virtualized units deployed at the edge that allow applications to run efficiently at or near where data are generated, reducing latency and improving performance for real-time applications. Edge bare metals refer to physical, standalone servers deployed at the edge that provide dedicated hardware resources for computing.

  - *Edge content delivery network (Edge CDN)*. Our edge CDN is built on an expansive network of edge nodes and draws on our expertise in intelligent scheduling, distributed caching and network transmission technologies. The primary application scenarios of our edge CDN include file download, patch upgrade, video-on-demand and live streaming. Unlike traditional CDNs, our edge CDN is more deeply integrated into local networks, placing servers closer to end users. This proximity improves transmission quality, providing users with smoother video playback and faster content delivery experiences.

- *AI cloud computing services*. Leveraging the distributed GPU computing resources integrated within our computing power network, we launched AI cloud computing services in 2023. As AI models continue to grow in scale and complexity, our comprehensive product portfolio addresses a wide range of demands in the field of AI inference. This includes providing elastic GPU computing resources required by large enterprises, as well as diverse model services tailored for small- and medium-sized enterprises (SMEs) and developers. Our services are designed to overcome the cost and technical barriers faced by clients worldwide in adopting new technologies. Specifically, we offer the following products with basic to advanced functions:

  - *GPU cloud services*. Our GPU cloud services provide customers with access to powerful computing resources without the need to purchase physical GPUs or manage GPU servers. The architecture is highly elastic, automatically scaling in or out based on demand, and operates on a pay-as-you-go model, where customers are charged only for actual usage. Our services go beyond merely consolidating GPU resources. We deliver a robust, AI-native runtime environment specifically tailored for the unique needs of generative AI and machine learning workloads. Key features of our GPU cloud services include an optimized inference engine, pre-built templates for rapid deployment, demand-driven automated scaling and integrated observability and fine-tuning tools. These features establish our GPU cloud services as a comprehensive platform for AI inference, offering efficiency, flexibility and reliability for developing and scaling AI applications.

  - *Model API.* Our model APIs are gateways for our customers to access pre-built, ready-to-use models (which are mainly LLMs and multimodal models) that cater to customers who lack the capability to build, train or manage highly complicated AI models themselves. We provide two types of services: first, our model APIs provide direct access to leading open-source models, allowing our customers to use such open-source models directly and conveniently; second, for customers who prefer to use their self-developed models, we host such models on our infrastructure. This allows our customers to retain control over their data and model behaviors, while benefiting from the scalability, efficiency and reliability of our infrastructure.

The following table sets forth a breakdown of our revenue by product/solution category during the Track Record Period.

	Year ended December 31,					
	2022		2023		2024	
	(RMB in thousands, except for percentages)					
Edge cloud computing services	286,074	100.0	358,120	99.9	547,650	98.1
– Edge node services	258,936	90.5	313,235	87.4	390,951	70.0
– Edge CDN	27,138	9.5	44,885	12.5	156,699	28.1
AI cloud computing services	–	–	265	0.1	10,387	1.9
Total	286,074	100.0	358,385	100.0	558,037	100.0

Edge Cloud Computing Services

Instead of transmitting data to a centralized cloud data center, our edge cloud computing services allow the computation to be processed at the "edge" of the internet, near where the data are generated and used. This capability is essential for customers that process huge volumes of data at high speed in real time (for example, audiovisual content providers), where low latency is critical for good user experience.

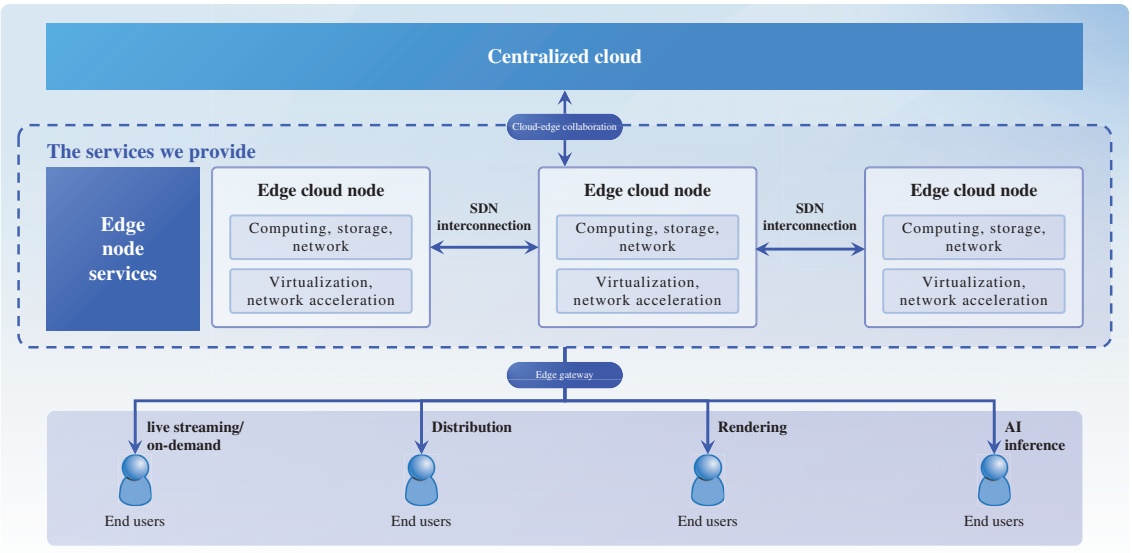
Edge Node Services

Leveraging our widely distributed network of edge compute nodes, edge node services shift computing power from central nodes to edge nodes closer to users, aimed at supporting scenarios such as edge storage, video-on-demand, live streaming, and video transcoding and distribution. Specifically, our products include edge containers and edge bare metals:

- *Edge container*. "Containers" are virtualized units that allow developers to package their applications into a single portable unit. Edge containers are functionally similar to traditional containers but are deployed on edge devices or nodes. They allow applications to run efficiently at or near where data are generated, reducing latency and improving performance for real-time applications.

- *Edge bare metal*. Edge bare metals refer to physical, standalone servers deployed at the edge that provide dedicated hardware resources for computing. Unlike virtualized environments where multiple users or processes share the same physical machine, edge bare metals deliver direct and unshared access to the infrastructure, offering high performance, low resource overhead and precise control.

The following diagram is a simplified illustration of our edge node services:



Amid the rapid development of audiovisual technologies and the expanding range of application scenarios, the demand for seamless, high-definition and low-latency media experiences continues to grow. Businesses now require computing resources that are more reliable and efficient. By leveraging cloud-edge integrated heterogeneous resource management technologies, our edge node services provide edge containers and edge bare metals with core characteristics such as secure resource isolation, high resource utilization and elastic scaling. Key features and advantages of our edge node services include:

- *Heterogeneous resource management*. We use advanced heterogeneous resource management technologies to provide direct access to physical edge bare metals. This eliminates the performance loss typically caused by virtualization, allowing optimal hardware utilization. Our services cater to compute-intensive workloads, ensuring maximum computational performance while maintaining user accessibility.

- *Edge container management*. Built on an optimized Kubernetes architecture, our edge container management platform supports process, network and file system level environment isolation, dynamic resource scheduling, seconds-level elasticity and rapid business deployment. The system enables seamless cloud-edge coordination.

- *Comprehensive intelligent monitoring system*. A robust 24/7 monitoring framework underpins our edge node services, employing machine learning for fault prediction and anomaly alerts. This ensures proactive issue detection and resolution, safeguarding operational reliability.

Use Case: Edge Node Services for a Leading Personal Cloud Storage Platform

Our client is a leading personal cloud storage service provider in China with a vast number of active users. As user-generated content grew rapidly, the platform needed to process petabytes of unstructured data daily.

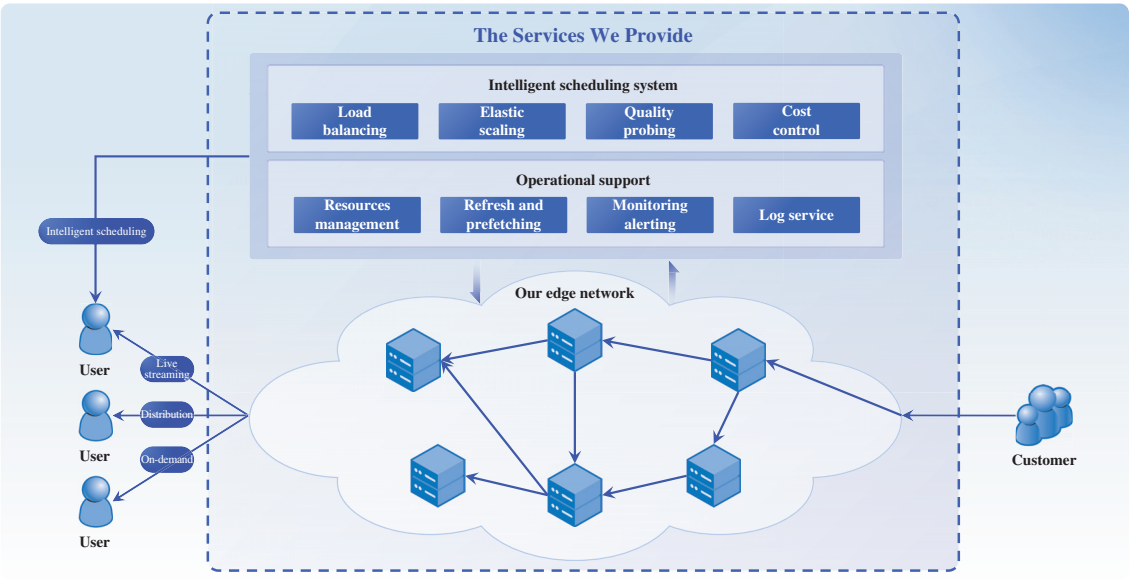
- *Our client's challenges.* Our client faced significant performance and cost pressures. During peak hours, such as mornings and evenings, heavy access to popular files frequently caused download speeds to drop, especially for large file transfers, leading to a frustrating user experience. The centralized storage architecture also drove up bandwidth costs, which accounted for over 35% of operational expenses.

- *Our solution.* To address these issues, we delivered an intelligent storage solution powered by edge node services: (a) we built a distributed caching network across edge nodes nationwide, using intelligent preloading algorithms to store popular content closer to users, to increase download speed; (b) the distributed caching network offers greater storage capacity, enhances cache hit rates, and reduces origin fetches, thereby increasing download speeds and lowering computing power resource costs; and (c) the application of unilateral acceleration technology optimizes download speeds in weak network environments, further improving the user experience.

Our solution delivered significant benefits to the client. It improved the experience for hundreds of millions of monthly active users by enabling faster and seamless downloads, even under weak network conditions. The optimized bandwidth usage reduced operational costs by nearly 30%. Furthermore, strengthened data security and high service availability help our client improve user trust.

Edge CDN

Our edge CDN comprises an expansive network of edge nodes and draws on our expertise in intelligent scheduling, distributed caching and network transmission technologies. The primary application scenarios of our edge CDN include file downloads, video-on-demand and live streaming. Unlike traditional CDNs, our edge CDN is more deeply integrated into local networks, placing servers closer to end users. This proximity improves transmission quality, providing users with smoother video playback and faster content delivery experiences. The following diagram is a simplified illustration of our edge CDN:



Our edge CDN has the following key features and benefits:

- *Intelligent scheduling*. Our intelligent scheduling mechanism allocates and dispatches compute nodes at millisecond-level speed. It manages the operating status and file cache distribution of tens of thousands of devices and can determine the node closest to the user in real time. If a node does not function normally, our system can swiftly transfer the workload to another node nearby, ensuring that there is no disturbance to our users' requests.

- *Elastic computing*. Leveraging the "containerization" technique, our node deployment is rapid and highly flexible, allowing adjustment of distribution in real time. This setup ensures high scalability of services to cater to scenarios where, for example, e-commerce platforms encounter high concurrent requests during nationwide promotional events.

- *Cost control algorithms.* Our cost control algorithms operate based on flexible node management and scheduling systems. They predict bandwidth redundancy by analyzing historical trends. The algorithms seek to maximize the utilization of network capacity and minimize the idleness of computing power.

Use Case: Edge CDN Services for a Well-Known Chinese Short Video Platform

Our client is a well-known Chinese short video platform that is experiencing rapid growth. As viewer traffic increases, the platform faces challenges associated with unexpected usage surges and ineffective content distribution.

- *Our client's challenges.* Our client's platform encountered regional traffic surges during celebrity live streams, where large-scale live events caused concentrated traffic in specific areas, resulting in network congestion. In addition, users in remote, low-tier cities and counties experienced long playback buffering time, which negatively affected user experience. Traditional CDN architecture restricted the platform's ability to balance user experience and cost efficiency, resulting in difficulties managing peak traffic while facing high operational expenses.

- *Our solution*. Our edge CDN services implement intelligent computing power scheduling to establish dynamic load balancing mechanisms. This approach automatically detects imbalances in workload among different compute nodes and reroutes traffic in real time to optimize network performance.

  In addition, our edge nodes are also deployed in low-tier cities and counties, which helps optimize content transmission in the "last mile" and enhances overall content delivery efficiency. Our platform also enables bandwidth resource reuse, which preloads popular content using off-peak network resources, allowing the creation of a flexible resource pool that improves content accessibility.

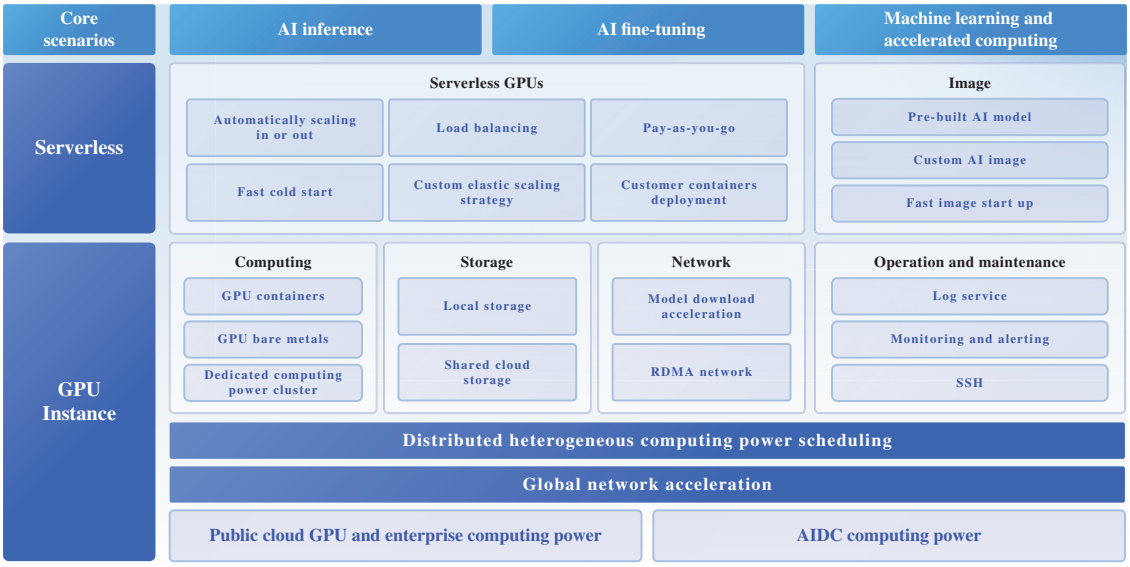
AI Cloud Computing Services

Our AI cloud computing services provide cost-effective computing power for AI computation. Through our distributed computing power network, we consolidate GPU resources around the world. This enables us to offer computing resources for AI fine-tuning and large-scale AI inference tasks using a flexible, pay-as-you-go pricing model. Additionally, by integrating a broad array of well-recognized open-source LLMs and multimodal models, and further optimizing the inference process, we deliver API-based services to enterprises and AI developers worldwide. This approach reduces the barriers and costs associated with adopting AI technologies.

GPU Cloud Services

Graphics processing units (GPUs) excel in handling parallel processing tasks that require extensive computing power. Using our GPU cloud services, our customers have access to powerful computing resources but do not need to purchase physical GPUs or manage GPU servers themselves. Our architecture offers high elastic scalability, which can automatically scale in or out based on demand, and our customers only pay for the actual usage of the computing power. Also, our services are not a simple consolidation of GPU resources. We optimize the operational environment for AI model inference so that the inference tasks can be processed faster and more efficiently. In addition, our customers can easily deploy models on our platform.

Our GPU cloud services are primarily used in two types of application scenarios: AI fine-tuning and large-scale AI inference. For AI fine-tuning, we offer customers access to a wide selection of GPU resources through a pay-as-you-go pricing model. For large-scale AI inference, we provide highly scalable and distributed GPU resources, as well as access to a diverse range of AI models. The following diagram is a simplified illustration of our GPU cloud services:



Our GPU cloud services have the following key features and advantages:

- *Elastic scalability*. Our architecture can automatically scale in or out based on demand, and our customers only pay for the actual usage of the computing power. This feature is critical for customers who require rapid scaling during peak demand, such as e-commerce enterprises.

- *Optimization of operating environment*. Our GPU cloud services are not a simple consolidation of GPU resources. We optimize the operational environment for AI model inference so that the inference tasks can be processed faster and more efficiently.

- *Pay-as-you-go*. Our GPU cloud services adopt a pay-as-you-go pricing mechanism. This mechanism adeptly addresses our customers' needs for flexible resource allocation during critical demand periods by offering elastic pricing strategies aligned with actual usage. It provides a cost-effective solution for our customers, where expenditures correspond to resources actually utilized.

- *High-speed delivery for large-scale models*. By offering advanced network capabilities for massive delivery, our GPU cloud services substantially reduce waiting times, allowing users to access large models and datasets rapidly. This improves user's productivity and efficiency, making it easier to handle complex tasks in a limited timeframe.

- *Containerized solutions*. This method ensures the effective isolation of computing environments, thereby preventing competition for resources or conflicting requirements for dependencies. Our GPU cloud services also offer a user-friendly operational interface, thereby leading to increased productivity through streamlined workflows.

- *Shared storage*. This solution offers high-performance shared cloud storage facilities that facilitate the seamless sharing of data across multiple GPU cloud services, ensuring consistent access for all relevant users. Such functionality is pivotal in bolstering collaborative efforts and fostering efficient coordination and data management practices.

Use Case: GPU Cloud Computing Services for a Leading Automotive Software Company

Our client is a prominent provider of intelligent cockpit software solutions, serving global mid-to-high-end automotive manufacturers with comprehensive intelligent vehicle software and digital service solutions.

- *Our client's challenges*. The client's business required fine-tuning large models and they initially relied on closed-source models. However, this approach carried high costs as early-stage closed-source models were limited in version iteration. Although the client later switched to open-source models, the GPU rental costs during the fine-tuning process were still significant, with compute expenses accounting for a substantial portion of the budget. Securing long-term, stable supply for GPU resources was also a concern.

  Once deployed, the fine-tuned models faced challenges in handling inference services. Traffic fluctuated sharply between peak and off-peak hours, with sudden surges creating significant resource allocation challenges and making it harder to provide a seamless user experience.

- *Our solution*. (i) After carefully comparing open-source models with closed-source models in terms of cost-efficiency and performance, we assisted the client to transition to the open-source models, reducing their costs and stabilizing training data outputs. We implemented a unified fine-tuning and inference toolkit for LLMs, enabling the client to efficiently validate the effectiveness of fine-tuning using a single instance that supported both base models and fine-tuned models;

  (ii) we identified high-performance GPUs tailored to the client's needs and provided reliable GPU computing resources to ensure model stability and continuous optimization; and

  (iii) drawing on our expertise in distributed computing and computing power scheduling, we offered our client the pay-as-you-go pricing, which allowed precise billing based on GPU usage. Resources automatically scaled up during traffic peaks, while cost-efficient computational resources were utilized during off-peak periods to reduce expenses.

Our solution delivered substantial benefits to the client. Transitioning to open-source models reduced training costs and improved data consistency. Optimized GPU supply ensured a steady, long-term supply, supporting stable model iteration and fine-tuning. The elastic computing infrastructure provided scalable resources during demand surges while efficiently minimizing operating costs during off-peak periods. This comprehensive approach not only enhanced service performance and reinforced user satisfaction but also strengthened the client's competitive standing in the automotive software industry.

Use Case: GPU Rendering Services for a Global Leader in Architectural Software

Our client is an industry-leading architectural software company with advanced real-time rendering algorithms. To boost design efficiency and enhance the creative experience, they required highly optimized real-time rendering capabilities that demanded high computing power scheduling and inference performance.

- *Our client's challenges*. The client encountered issues such as low scheduling service efficiency and high latency in inference services, which disrupted the efficiency and fluidity of real-time rendering. Additionally, reliance on public cloud networks for data transmission caused security concerns and also led to high costs.

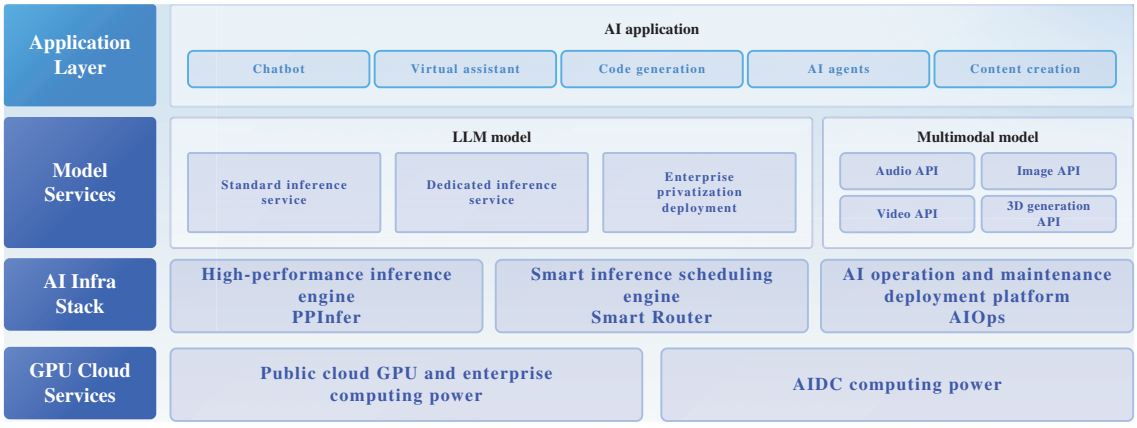
- *Our solution*. We delivered a comprehensive GPU/CPU containerized service that enabled seamless deployment and management of rendering workloads. By creating a secure virtual private cloud (VPC), we ensured fast and reliable internal data transmission between CPU and GPU instances, eliminating the risk of using public network directly, reducing latency and enhancing security. High-performance shared cloud storage allowed efficient multi-instance data access, streamlining workflows.

To ensure reliability, our 24/7 operations and maintenance support promptly addressed issues and kept the platform stable, helping the client meet their real-time rendering requirements with consistent low-latency performance.

Our solution significantly reduced network latency and optimized operational costs. By leveraging our support in AI infrastructure, the client was able to focus on enhancing their core rendering capabilities, thereby further strengthening their leadership in architectural software innovation.

Model API

Our model APIs are pre-built models that cater to customers who need AI technology but lack the capability to build, train and manage highly complicated AI models themselves. Our model APIs include two categories: large language models and multimodal models. Large language models handle various natural language processing tasks, whereas multimodal models process and generate images and videos. We provide two types of services: first, our model APIs provide direct access to leading open-source models, allowing our customers to utilize such open-source models directly and conveniently; second, for customers who prefer to use their self-developed models, we host such models on our infrastructure. This allows our customers to retain control over their data and model behaviors, while benefiting from the scalability, efficiency and reliability of our infrastructure. The following diagram is a simplified illustration of our model API:



Our model APIs have the following features and advantages:

- *Rapid integration*. Our model APIs offer access to an extensive range of the latest open-source models across various modalities. This streamlined approach allows businesses to deploy advanced AI tools directly, saving the time typically required for traditional model setup.

- *Low maintenance*. Our model APIs relieve our customers of the complexities of model deployment and operational maintenance. Our ready-to-use services are designed to handle the intricacies in maintaining the models, so that our customers can focus on achieving business goals without distractions.

- *Cost effectiveness*. Our model APIs adopt a pay-as-you-go pricing model, which aligns with the customer's actual usage. This pricing model is supported by a robust distributed elastic scheduling framework, which further leads to optimized performance and cost efficiency.

- *Diverse models*. Our platform hosts a dynamic variety of models, enabling effortless loading and switching within an expansive ecosystem. This flexibility removes the need for individual clients to manage models, providing an adaptable platform that evolves with customer needs.

Use Case: Integration of Model API with a Global Leading AI-Based Role-Playing Game Company

Our client is a global leading AI-based anime role-playing game developer. The client possesses a mid-sized R&D team, with solid capabilities in model optimization.

- *Our client's challenges*. Our client needed to maintain their own GPU servers, along with ensuring the stability of their network infrastructure. During times of increased traffic, user response times tended to become delayed.

- *Our solution*. Leveraging our ready-to-use model APIs, our client conveniently aligned them with their business needs and can further optimize the models from time to time in response to their evolving needs and preferences. By using our model API, we significantly reduced the client's infrastructure maintenance costs. Also, the pay-as-you-go pricing model helps the client lower overall expenses. Our model API also incorporates an automatic scaling mechanism, which targets to address the increased response time during peak traffic time. The unutilized GPU resources are repurposed for model refining and training, which further improves cost efficiency for the client.

Use Case: LLM API Services for a Global One-Stop AI Assistant Innovator

Our client is a leading artificial intelligence innovation company that provides a one-stop AI assistant offering features such as chat, search, collaboration and programming support. As AI technologies rapidly evolve, the client needed to stay ahead by integrating cutting-edge AI tools and functionalities into their product line.

- *Our client's challenges*. The client faced significant challenges in quickly validating the feasibility and effectiveness of new AI features to adapt their development strategies and avoid redundant resources. This required access to stable and reliable LLM APIs, but many available APIs lacked the requisite consistency, reliability and cost-effectiveness.

- *Our solution*. We provided a tailored solution leveraging our optimized distributed inference and inference acceleration capabilities designed for large-scale AI applications. Our high-reliability, scalable and cost-efficient LLM API services enabled the client to swiftly build and validate generative AI applications. Models backed by our services delivered exceptional performance in areas such as role-play, story expansion, code generation and empathetic interaction, combining high intelligence with emotional resonance. For programming support, our DeepSeek R1 API was particularly instrumental. Supporting function call capabilities, it empowered the client to efficiently test AI features and accelerate development cycles.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Our Historical Performance

During the Track Record Period, our revenue grew rapidly from RMB286.1 million in 2022 to RMB358.4 million in 2023 and further to RMB558.0 million in 2024, representing a CAGR of 39.7% from 2022 to 2024. Our gross profit increased from RMB46.2 million in 2022 to RMB63.5 million in 2023 and further to RMB68.8 million in 2024, representing a CAGR of 22.1% from 2022 to 2024. Our gross profit margin increased from 16.1% in 2022 to 17.7% in 2023, and decreased to 12.3% in 2024.

While we achieved sustained business growth, we incurred a loss for the year of RMB85.0 million, RMB189.4 million and RMB293.5 million in 2022, 2023 and 2024, respectively, and an adjusted net loss (a non-HKFRS measure), which excludes fair value losses on convertible redeemable preferred shares and share-based payment expenses, of RMB39.1 million, RMB37.1 million and RMB61.6 million in the same years, respectively. As we launched our AI cloud computing services in 2023, this business segment was in the early stage of development during the Track Record Period and had not yet achieved profitability. For our edge cloud computing services business, we expect our investments in R&D and relevant infrastructures during the Track Record Period to drive sustainable profit growth of this business segment.

Our losses during the Track Record Period were primarily due to our significant investments in research and development and the expansion of our service network. We incurred research and development expenses of RMB41.4 million, RMB67.8 million and RMB86.3 million in 2022, 2023 and 2024, respectively, representing 14.5%, 18.9% and 15.5% of our total revenue in the corresponding years, respectively. Relying on our dedicated R&D activities, we have upgraded our service offering and finetuned our core technologies related to distributed cloud computing services.

Our Path to Profitability

Rapid Growth of The Distributed Cloud Computing Services Market

The rapid advancement of AI has created enormous demand for computing power. Despite increased supply, computing power is still used inefficiently globally, due to the heterogeneous nature, widespread geographic distribution and temporal misalignment of the computing power resources. Distributed cloud computing platform, with its flexible resource allocation and asset-light operating model, can effectively address the constraints of traditional approaches. Distributed cloud computing service providers consolidate idle computing power resources and efficiently allocate such resources through intricate and effective scheduling algorithms. This approach can balance peak and off-peak demand within regional computing resources, enhancing the overall resource utilization. As a result, distributed cloud computing is experiencing explosive growth in recent years.

According to CIC, the market size for global edge cloud computing services increased from RMB38.6 billion in 2020 to RMB185.1 billion in 2024, representing a CAGR of 48.0% between 2020 and 2024, and is expected to reach RMB500.3 billion by 2029, representing a CAGR of 22.0% between 2024 and 2029. The market size for edge cloud computing services in China increased from RMB2.7 billion in 2020 to RMB13.2 billion in 2024, representing a CAGR of 48.6% between 2020 and 2024, and is expected to reach RMB37.0 billion by 2029, representing a CAGR of 22.9% between 2024 and 2029. The market size for the global AI cloud computing services market increased from RMB12.7 billion in 2023 to RMB31.5 billion in 2024, representing a CAGR of 147.1% between 2023 and 2024, and is expected to reach RMB427.7 billion by 2029, representing a CAGR of 68.5% between 2024 and 2029. See "Industry Overview" for details.

The significant growth potential of the distributed cloud computing services market creates an environment ripe for our further business expansion. The market provides substantial opportunities for businesses that can innovate and meet the rising demand for efficient, scalable solutions. With our expertise in resource optimization, elastic scaling and advanced computing power scheduling, we are well-positioned to capitalize on this momentum. By aligning our capabilities with the evolving demand for distributed cloud services, we can drive our growth while delivering significant value to our customers and end users.

Broaden Our Customer Reach and Expand Our Service Network

As of December 31, 2024, our computing power network covered more than 1,200 cities and counties globally with over 4,000 compute nodes. As of the same date, the registered developers of our AI cloud computing services exceeded 120,000 and were located throughout the world.

We intend to continue to expand our customer base to drive continued revenue growth and achieve long-term profitability. To accelerate our business growth, we have established dedicated teams for customer acquisition and developer relations, employing innovative approaches to drive expansion. We plan to continue boosting product visibility and brand influence through targeted digital marketing and social media strategies aimed at attracting potential customers. Additionally, we will maintain a strong presence within the community by hosting online and in-person events such as technical workshops and developer forums. We also aim to draw developers to our products by actively participating in open-source community events and offering open-source integrations.

We intend to acquire an increasing number of customers from diverse industry sectors to increase our customer base. We also intend to engage in more in-depth collaboration with our business partners, to leverage their large customer base and expand into new regions and industry sectors.

As we scale our service network and expand our customer base, we are committed to leveraging our leadership position to capture the significant growth opportunities in the distributed cloud service market. By broadening our global reach, cultivating relationships with key accounts across diverse industries, and building a thriving developer ecosystem, we aim to drive sustained growth. Through strategic collaborations, innovative marketing approaches and active engagement in the open-source community, we are focused on strengthening our market presence and enhancing customer loyalty. Paired with efficient operations and economies of scale, these efforts position us to achieve long-term profitability while delivering exceptional value to our customers.

Upgrade Our Technology and Service Offerings

Leveraging the success of our current offerings, we plan to further optimize our services to improve their adaptability, accuracy and efficiency, thereby enhancing our competitive edge. First, we plan to develop ultra-low latency computing power network. Ultra-low latency computing power network is a critical infrastructure to support advanced AI systems to achieve millisecond-level responsiveness and make real-time decisions in scenarios such as autonomous driving, remote surgery and smart manufacturing. Second, we will augment our model-hosting capabilities by ensuring our platform supports an increasingly diverse array of models. This adaptability is vital for addressing the varied business needs and preferences of our customers. Third, we plan to enhance our infrastructure's compatibility with a broader

range of hardware, which is expected to facilitate the expansion of the reach and accessibility of our services. These initiatives serve not only to enrich our service offerings but also to strengthen our position in the rapidly evolving AI landscape.

Optimize Operational Efficiency

Our ability to manage and optimize our expenses is critical to the success of our business and our ability to achieve sustainable profitability.

During the Track Record Period, we incurred substantial operating expenses, including research and development expenses, selling and marketing expenses and administrative expenses. The following table sets forth our research and development expenses, selling and marketing expenses and administrative expenses, as a percentage of revenue for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
		(%)	
As a percentage of revenue:			
Research and development expenses	14.5	18.9	15.5
Administrative expenses	8.7	7.1	5.6
Selling and marketing expenses	6.5	5.6	4.6
Total	29.7	31.6	25.7

- *Research and development expenses*. Our research and development expenses were RMB41.4 million, RMB67.8 million and RMB86.3 million in 2022, 2023 and 2024, respectively, representing 14.5%, 18.9% and 15.5% of our total revenue, respectively. Our research and development expenses as a percentage of revenue generally decreased, primarily attributable to the rapid increase in revenue and the achievement in economies of scale in line with our business growth. As we continue to drive service iteration and technological upgrades, we expect to further enhance our R&D efficiency by relying on our accumulated technological capabilities.

- *Administrative expenses*. Our administrative expenses were RMB24.9 million, RMB25.3 million and RMB31.3 million in 2022, 2023 and 2024, respectively, representing 8.7%, 7.1% and 5.6% of our total revenue, respectively. Our administrative expenses as a percentage of revenue had continued to decrease during the Track Record Period, primarily attributable to our effective cost control measures and our efforts in increasing our operational efficiency.

- *Selling and marketing expenses*. Our selling and marketing expenses were RMB18.5 million, RMB20.2 million and RMB25.8 million in 2022, 2023 and 2024, respectively, representing 6.5%, 5.6% and 4.6% of our total revenue, respectively. Our selling and marketing expenses as a percentage of revenue decreased primarily due to the rapid increase in revenue and our ability to increase the efficiency of our sales and marketing activities as a result of the economies of scale.

We recognize that disciplined management and control of operating expenses are vital to achieving and maintaining profitability. By combining technology-driven efficiency, effective cost management and a scalable operating model, we are well-positioned to enhance profitability while continuing to invest in innovation, growth and long-term success.

Working Capital Sufficiency

Taking into account our available resources including cash and cash equivalents, time deposits, pledged deposits, operating cash flows, bank borrowings, the available banking facilities and the estimated [**REDACTED**] available to us from the [**REDACTED**], our Directors believe, and the Joint Sponsors concur, that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

OUR CORE TECHNOLOGIES

Proprietary Distributed Computing Architecture

Heterogeneous computing resource pooling. Our system integrates diverse computing resources into a unified resource pool. Through intelligent workload orchestration, our architecture reduces the heterogeneity of underlying hardware, enabling seamless integration of diverse compute units while presenting a standardized access for upper-layer applications.

Containerized virtualization and edge-native system. Based on a lightweight cloud-native architecture, our system efficiently organizes fragmented edge resources, significantly reducing system overhead compared to traditional solutions. This ultra-compact design supports deployment on single-server edge nodes, maximizing resource utilization even in constrained environments. The system includes serverless GPU technology, which uses containerized AI inference engines to enable auto-scaling, fault recovery and hardware-agnostic deployment. Unified orchestration is achieved through the use of containers and overlay networks, ensuring seamless task migration and multi-tenant isolation across geographically dispersed nodes.

Predictive edge autonomy. Our predictive edge autonomy capabilities use AI-driven techniques to enhance reliability and efficiency within distributed systems. The autonomous fault-diagnosis system employs machine learning to monitor hardware health, predict potential node failures and automatically trigger redundant task allocation to minimize disruption. Dynamic resource optimization analyzes real-time workload patterns and network conditions to balance loads, reduce latency and minimize energy consumption. Automated service-level

agreement (SLA) compliance ensures system stability through implementing intelligent quality of service (QoS) policies for tasks (*e.g.*, prioritizing low-latency video rendering or high-throughput AI inference) while maintaining platform stability.

World-Leading Computing Power Network and Scheduling Capabilities

Largest computing power network. We have established a computing power network covering more than 1,200 cities and counties globally with over 4,000 compute nodes as of December 31, 2024. This high-density compute node deployment enables millisecond-level latency (as short as 10 milliseconds) for local distribution, providing infrastructural support for scenarios such as real-time audiovisual content delivery and AI inference.

Cross-operator network convergence and ultra-reliable transmission. Our SDN@Edge intelligent three-layer network architecture overcomes the limits of traditional tree-structured systems by using a mesh-structured, cross-operator unified overlay network combined with our proprietary adaptive connection networking protocol (ACNP). This achieves end-to-end latency under 30 milliseconds while dynamically allocating bandwidth to meet high-throughput needs. Real-time monitoring and optimization of network paths address issues such as traffic congestion and node failures, ensuring reliable data transfer across heterogeneous networks.

AI-Driven predictive resource scheduling system. Supported by our self-developed serverless engine, our system is able to schedule and allocate tasks within 200 milliseconds. Combined with multi-path redundancy and real-time monitoring, the system achieved averagely 99.95% network availability based on our internal testing in 2025, forming a highly elastic and reliable foundational infrastructure. This capability is boosted by our distributed cloud computing power network intelligent scheduling and game-theoretic trading algorithm, which predicts resource demand based on historical data and business patterns, increasing platform resource utilization to over 85%, representing a 30% improvement over traditional methods.

Distributed Inference Acceleration for LLMs

Model optimization. We enhanced widely adopted open-source models through a combination of hardware and software innovations. By intelligently combining compute tasks, simplifying calculations, and using techniques such as speculative sampling, we have boosted the model output efficiency by over seven times and reduced theoretical operating costs by 85.7%. This facilitates faster, more affordable AI performance without sacrificing quality.

Distributed inference optimization. We optimized the DeepSeek-R1 model using innovative distributed computation techniques such as pre-filling decoding separation, which improves communication efficiency and balances workloads. These measures have led to over a tenfold improvement in throughput and reduced theoretical operating costs by up to 90%. These innovations provide a high-performance, cost-effective solution that meets the diverse and demanding requirements of modern AI applications.

Our inference system is built on three key pillars of technological strength: (i) full-stack end-to-end optimization: by coordinating improvements across hardware instruction sets, model architectures and system layers, we achieve optimized performance in computation, storage and communication to maximize efficiency; (ii) intelligent elastic architecture: our system supports dynamic scaling and self-healing capabilities, ensuring stable service delivery even under conditions of massive concurrency; and (iii) open compatibility: with seamless API integration for mainstream frameworks, we minimize our customers' integration costs, offering flexibility and ease of adoption.

KEY OPERATING METRICS

We manage our business using the following key operating metrics. We use these metrics to assess the progress of our business and make decisions on how to allocate capital, time and technology investments.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
Edge Cloud Computing Services				
Number of compute nodes	2,629	2,849	4,012	4,508
Number of cities and counties covered by our edge cloud compute nodes	837	999	1,296	1,289
AI Cloud Computing Services				
Number of compute nodes	–	5	19	34
Number of cities and counties covered by our AI cloud compute nodes	–	5	15	29
Number of registered developers	–	12,112	125,545	295,524

In addition, for our AI cloud computing services segment, the average daily token consumption increased from nil in December 2023 to 27.1 billion in December 2024, and further to 141.9 billion in May 2025.

RESEARCH AND DEVELOPMENT

Our deep passion for innovation coupled with our strong R&D capabilities have allowed us to keep up with the rapid advances in technology in the cloud computing industry. For the years ended December 31, 2022, 2023 and 2024, we incurred research and development expenses of RMB41.4 million, RMB67.8 million and RMB86.3 million, respectively, representing 14.5%, 18.9% and 15.5% of our revenue during the same years, respectively.

We place strong emphasis on the recruitment of technology specialists and senior engineers with extensive experience in the industry. Our technological capabilities are built by our talented and dedicated research and development team. As of December 31, 2024, we had a team of 138 R&D professionals, representing approximately 67.6% of our total employees. Over 83.3% of the members in our R&D team have a bachelor's degree or higher. We have established various training programs to keep our R&D personnel abreast of the most advanced technologies in the relevant fields.

Research and Development Process

The key stages in our research and development process consist of:

- *Concept stage*. Our R&D team identifies the needs of the market and technological gaps, drawing on input from existing customers and industry stakeholders. We establish clear objectives for what the product candidate should achieve.

- *Feasibility study*. We examine both technical and commercial aspects of the product candidate. Technical feasibility involves assessing available technologies, integrations and compatibility with existing systems, while economic feasibility evaluates costs and resource requirements.

- *Design and development*. We design the architecture of our product candidate, incorporating components such as software, hardware and algorithms. Further, we develop a prototype and conduct rigorous testing for functionality, security and scalability. The prototype also requires iterative revisions to refine features and resolve issues.

- *Deployment testing*. We release a trial version to select users for real-world testing. We collect feedback on usability and evaluate the performance of our product. We also conduct stress testing to evaluate reliability and scalability of our product under high demand.

- *Launch.* We launch our product with full functionalities to all users. We also formulate marketing strategies to promote the unique features and benefits of our products, and ensure sufficient and timely customer support is available for our customers.

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, trade secrets and other intellectual property rights are critical to our business operations. We rely primarily on a combination of patents, copyrights, trademarks, trade secrets and anti-unfair competition laws and contractual rights, such as confidentiality agreements entered into with our employees and customers, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of our intellectual properties in employment agreements and commercial agreements. In addition, we have implemented a set of comprehensive measures to protect our intellectual property.

As of the Latest Practicable Date, we had 27 material patents, 19 material trademarks, 2 material domain names and 33 material copyrights in the PRC. For details of our material intellectual properties, please refer to the paragraph headed "Statutory and General Information—2. Further Information About Our Business—B. Intellectual Property Rights" set out in Appendix IV to this document.

During the Track Record Period and as of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights.

DATA PRIVACY AND DATA SECURITY

Data security and protection are among our highest priorities. In this regard, we have obtained ISO 27001 Information Security Management System Certification. We have designed strict data protection and information security policies to ensure strict compliance with applicable laws, regulations, and prevalent industry practice. We have implemented internal policies on protecting data privacy and security, with the purpose of ensuring data and information security, optimizing data governance, protecting the benefits of our customers, business partners, employees and other third parties, and ensuring compliance with all applicable laws and regulations. We implement a robust internal authentication and authorization system to ensure that our confidential and important business data and trade secrets can only be accessed for authorized use and by authorized personnel. We have established an information system in relation to data security requirements, national standards and industry best practices, and intend to continually invest heavily in data security and privacy protection. Our information system applies multiple layers of safeguards, including both internal and external firewalls, to identify and protect us against security attacks. All information and data we received in the mainland China have been stored and preserved within mainland China. Our domestic and overseas systems are deployed on separate cloud servers, which are both physically and virtually isolated from each other, with no data exchange between them. In addition, we have adopted internal rules and procedures designed to prevent illegal and/or unauthorized cross-border transmission of data. These measures ensure that our business operations do not involve any cross-border transmission of data.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any claim from any third party against us on the ground of infringement of any third party's right to data and privacy protection as provided by any applicable laws and regulations in the PRC or other jurisdictions; (ii) we had not received any complaint relating to data privacy or security measures; (iii) we had implemented internal policies on protecting data privacy and security, with the purpose of ensuring data and information security and ensuring compliance with all applicable laws and regulations; (iv) during the Track Record Period, there was no material incident of data or personal information leakage; (v) during the Track Record Period, there was no investigation, legal proceeding or administrative penalty relating to the violation of relevant network security, data security and personal information protection laws or regulations, to our best knowledge, pending or threatened against us initiated by competent government authorities or third parties; and (vi) we will continue to pay close attention to the regulatory developments in data security and comply with the latest regulatory requirements. In view of the foregoing, our PRC Legal Advisor is of the view that we complied with currently effective and applicable laws and regulations on data privacy and security in all material respects during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

As of December 31, 2024, we had a sales and marketing team of 31 personnel. We implement product-led growth and developer-friendly strategies to attract customers. We attract developers to use our products and services by participating in open-source community events and providing open-source integrations. This strategy helps us acquire new customers at a lower cost and expand our influence within the developer community. We also conduct sales through leveraging the network effect and referrals by stakeholders across the business cycle, and through on-site visits, industry conferences and other marketing events, to strategically expand our market presence and scale up our business in a cost-effective manner.

Pricing

We adopt different pricing models for specific products or services. The following table sets forth the pricing model for each of our major products or services:

Product/Service	Pricing Model
Edge Cloud Computing Services	
Edge Node Services	Charge by actual usage (such as storage, number of CPU cores, data traffic or bandwidth)
Edge CDN	Charge by actual usage based on resource use, data traffic and bandwidth
AI Cloud Computing Services	
GPU Cloud Services	Charge by hours of usage
Model API	Charge by actual consumption of tokens, number of images generated or the length of video generated

Customer Support and After-sales

We recognize that exceptional customer support is a cornerstone for nurturing enduring partnerships with our clients and strengthening our brand reputation over time. Our highly responsive and professional after-sales service not only boosts customer satisfaction and engagement but also plays a pivotal role in consistently achieving strong customer retention. We are committed to providing swift, reliable assistance. Our support teams deliver rapid responses to customer inquiries and provide ongoing progress updates. For clients with more complex after-sales needs, our specialized project managers offer comprehensive lifecycle support. They provide tailored technical consultations and hands-on guidance, enabling seamless integration of our services with the client's unique business requirements. Through continuous dialogue and attentive service, we gain valuable insights into our customers' evolving expectations and business challenges. This proactive engagement not only equips us to anticipate future needs but also positions us to uncover new commercial opportunities, reinforcing our role as a trusted, forward-looking business partner.

OUR CUSTOMERS

We have a broad base of customers across various industries, including, among others, pan-entertainment, social media, e-commerce, education, automotive, telecommunications, information technology and intelligent manufacturing. As our product lines expand and our service areas extend, we continue to grow our customer base. While maintaining high-quality service for major customers, we also actively cultivate relationships with emerging customers to drive ongoing business growth.

In 2022, 2023 and 2024, our revenue amounted to RMB286.1 million, RMB358.4 million and RMB558.0 million, respectively. Our revenue generated from our largest customer in 2022, 2023 and 2024 accounted for 38.2%, 44.1% and 35.2%, respectively, of our revenue during the same period. Our revenue generated from our five largest customers in 2022, 2023 and 2024 accounted for 86.1%, 92.5% and 89.5%, respectively, of our revenue during the same period. See "Risk Factors—Risks relating to our operations—The loss of, or a significant reduction in usage by, one or more of our major customers would result in lower revenue and could harm our business." We have established and maintained stable and good relationships with our five largest customers for each year during the Track Record Period, having a relationship of four years or above with a majority of them.

Below is the breakdown of our revenue derived from our five largest customers for each year of the Track Record Period, and their respective background information:

For the year ended December 31, 2022:

Rank	Customer	Types of services provided	Transaction amounts	Percentage contribution to total revenue	Background and principal business activities	Year of commencement of relationship with the Group	Credit term
			(RMB'000)	*(%)*			
1	Customer A	Edge cloud computing services	109,379.6	38.2	A Chinese company headquartered in Beijing, focusing on providing network technology services, software development and data processing services	2020	30 days
2	Customer B	Edge cloud computing services	52,548.4	18.4	A Chinese company headquartered in Beijing, focusing on developing and operating a range of content platforms	2021	60 days
3	Customer C	Edge cloud computing services	43,002.8	15.0	A Chinese company headquartered in Shenzhen, focusing on communication and social media services	2021	30 days
4	Customer D	Edge cloud computing services	30,954.9	10.8	A Chinese company headquartered in Beijing, focusing on providing internet-related services, including search engine services and online marketing	2021	20 days
5	Customer E	Edge cloud computing services	10,524.6	3.7	A Chinese company headquartered in Shanghai, focusing on the development and operation of digital entertainment platforms	2020	90 days
	Total		**246,410.3**	**86.1**			

For the year ended December 31, 2023:

Rank	Customer	Types of services provided	Transaction amounts	Percentage contribution to total revenue	Background and principal business activities	Year of commencement of relationship with the Group	Credit term
			(RMB'000)	*(%)*			
1	Customer B	Edge cloud computing services	158,195.9	44.1	A Chinese company headquartered in Beijing, focusing on developing and operating a range of content platforms	2021	60 days
2	Company A	Edge cloud computing services	99,348.2	27.7	A Chinese company headquartered in Beijing, focusing on providing network technology services, software development, and data processing services	2020	30 days
3	Customer C	Edge cloud computing services	51,224.2	14.3	A Chinese company headquartered in Shenzhen, focusing on communication and social media services	2021	28 days
4	Customer D	Edge cloud computing services	13,100.2	3.7	A Chinese company headquartered in Beijing, focusing on providing internet-related services, including search engine services and online marketing	2021	30 days
5	Customer F	Edge cloud computing services	9,765.9	2.7	A Chinese company headquartered in Changsha, focusing on culture and entertainment business	2021	60 days
	Total		**331,634.4**	**92.5**			

For the year ended December 31, 2024:

Rank	Customer	Types of services provided	Transaction amounts	Percentage contribution to total revenue	Background and principal business activities	Year of commencement of relationship with the Group	Credit term
			(RMB'000)	*(%)*			
1	Customer B	Edge cloud computing services	196,176.4	35.2	A Chinese company headquartered in Beijing, focusing on developing and operating a range of content platforms	2021	60 days
2	Customer A	Edge cloud computing services	182,169.8	32.6	A Chinese company headquartered in Beijing, focusing on providing network technology services, software development, and data processing services	2020	30 days
3	Customer C	Edge cloud computing services	58,526.1	10.5	A Chinese company headquartered in Shenzhen, focusing on communication and social media services	2021	30 days
4	Customer D	Edge cloud computing services	32,761.3	5.9	A Chinese company headquartered in Beijing, focusing on providing internet-related services, including search engine services and online marketing	2021	28 days
5	Customer E	Edge cloud computing services	29,440.8	5.3	A Chinese company headquartered in Shanghai, focusing on the development and operation of digital entertainment platforms	2020	90 days
	Total		**499,074.4**	**89.5**			

All of our five largest customers for each year during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any of our shareholders (who, to the knowledge of the Directors, own more than 5% of our issued share capital) had any interest in any of our five largest customers for each year during the Track Record Period and as of the Latest Practicable Date.

The summary of the salient terms of our standard agreements with our customers during the Track Record Period are set out below:

- *Scope*. We generally set out the scope of our services within the terms of services.

- *Pricing*. We primarily charge our customers by actual usage based on resource use, data traffic and bandwidth. For details, see "Business—Sales and Marketing—Pricing."

- *Payment and credit terms*. We send an invoice to customers every month detailing their actual usage of our services in the previous month. Customers are typically required to settle the invoice on a monthly basis. We generally grant a credit term of 30 to 90 days to our customers.

- *Confidentiality*. Each party is obliged to treat all confidential information made known to it by the other party in strict confidence during and after the contract term.

- *Term and termination*. The agreement typically has a term of one year. The agreement can be terminated by either party with prior written notice of 30 days or payment in lieu of notice. The term of the agreement can be extended on the same terms until such time as our customers cease to use the service.

During the Track Record Period and up to the Latest Practicable Date, we were in compliance with the terms of agreements with our major customers in all material aspects, and we had not experienced any circumstances leading to any contractual disputes with or claims by our major customers that would have a material and adverse effect on our operations.

OUR SUPPLIERS

Our suppliers are primarily providers for computing power resources. Our transaction amounts with our largest supplier in 2022, 2023 and 2024 accounted for 3.5%, 4.0% and 6.0%, respectively, of our cost of sales during the same periods. Our transaction amounts with our five largest suppliers in 2022, 2023 and 2024 accounted for 10.7%, 15.2% and 20.3%, respectively, of our cost of sales. During the Track Record Period, we generally settled our payments to our suppliers by bank transfer. We have established and maintained stable and good relationships with our five largest suppliers for each year during the Track Record Period, having a relationship of four years or above with a majority of them.

Below is the breakdown of our five largest suppliers for each year during the Track Record Period, and their respective background information:

For the year ended December 31, 2022:

Rank	Supplier	Types of services provided	Transaction amounts	Percentage contribution to cost of sales	Background and principal business activities	Year of commencement of relationship with the Group	Credit term
			(RMB'000)	*(%)*			
1	Supplier A	Computing resources	8,407.8	3.5	A Chinese company headquartered in Shaanxi, focusing on edge computing and content delivery	2021	15 days
2	Supplier B	Cloud services	5,494.7	2.3	A Chinese company headquartered in Guangzhou, focusing on information technology consulting services, software development	2019	7 days
3	Supplier C	Computing resources	4,276.5	1.8	A Chinese company headquartered in Zhengzhou, focusing on software development, network technology services	2021	15 days
4	Supplier D	Computing resources	4,124.9	1.7	A Chinese company headquartered in Anyang, focusing on software development, big data services	2021	15 days
5	Supplier E	Computing resources	3,361.7	1.4	A Chinese company headquartered in Shenzhen, focusing on leasing, technical support, SaaS equipment management and recycling	2021	N/A
	Total		**25,665.6**	**10.7**			

For the year ended December 31, 2023:

Rank	Supplier	Types of services provided	Transaction amounts	Percentage contribution to cost of sales	Background and principal business activities	Year of commencement of relationship with the Group	Credit term
			(RMB'000)	*(%)*			
1	Supplier F	Computing resources	11,869.2	4.0	A Chinese company headquartered in Beijing, focusing on technical services, data processing	2020	15 days
2	Supplier G	Computing resources	11,380.4	3.9	A Chinese company headquartered in Shenzhen, focusing on information technology consulting services	2022	15 days
3	Supplier D	Computing resources	10,787.0	3.7	A Chinese company headquartered in Anyang, focusing on software development, big data services	2021	15 days
4	Supplier H	Computing resources	5,545.0	1.9	A Chinese company headquartered in Guangzhou, focusing on IDC services and information technology	2022	15 days
5	Supplier I	Computing resources	4,896.2	1.7	A Chinese company headquartered in Nanjing, focusing on computer network maintenance services, technical services	2021	15 days
	Total		**44,477.8**	**15.2**			

For the year ended December 31, 2024:

Rank	Supplier	Types of services provided	Transaction amounts	Percentage contribution to cost of sales	Background and principal business activities	Year of commencement of relationship with the Group	Credit term
			(RMB'000)	*(%)*			
1	Supplier J	Computing resources	29,375.6	6.0	A Chinese company headquartered in Baoding, focusing on Internet data services	2021	15 days
2	Supplier F	Computing resources	23,128.1	4.8	A Chinese company headquartered in Beijing, focusing on technical services, data processing	2020	15 days
3	Supplier K	Computing resources	18,636.3	3.8	A Chinese company headquartered in Hangzhou, focusing on software and information technology services	2022	15 days
4	Supplier L	Computing resources	14,660.0	3.0	A Chinese company headquartered in Beijing, focusing on edge cloud services, CDN acceleration, network security, and big data	2023	15 days
5	Supplier H	Computing resources	13,405.2	2.7	A Chinese company headquartered in Guangzhou, focusing on IDC services and information technology	2022	15 days
	Total		**99,205.2**	**20.3**			

All of our five largest suppliers for each year during the Track Record Period were Independent Third Parties. None of our Directors, their close associates or any of our shareholders (who, to the knowledge of the Directors, own more than 5% of our issued share capital) had any interest in any of our five largest suppliers for each year during the Track Record Period and as of the Latest Practicable Date.

The summary of the salient terms of our agreements with our major suppliers during the Track Record Period are set forth below:

- *Scope*. The scope of our procurement is set forth within the terms of services.
- *Pricing*. We are typically charged by actual usage.
- *Payment and credit terms*. We are generally required to settle payment to our suppliers on a monthly basis after the suppliers issue invoices for services accrued in the previous month.
- *Confidentiality*. Each party is obliged to treat all confidential information made known to it by the other party in the strictest confidence during and after the contract term.
- *Term and termination*. The agreement typically has a term of one year. The agreement can be terminated by either party upon mutual agreement. The term of the agreement can typically be extended for one year on the same terms unless otherwise agreed by both parties.

During the Track Record Period and up to the Latest Practicable Date, we complied with the terms of the agreements with our major suppliers in all material aspects, and we had not experienced any circumstances leading to any contractual disputes with or claims by our major suppliers that would have a material and adverse effect on our operations.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, (i) Customer C was one of our five largest customers in 2022, 2023 and 2024 and our supplier in the same years; (ii) Supplier L was one of our five largest suppliers in 2024 and our customer in 2023 and 2024; (iii) Supplier I was one of our five largest suppliers in 2023 and our customer in 2022 and 2023; and (iv) Supplier A was one of our five largest suppliers in 2022 and our customer in 2022 and 2023 (collectively, the "Overlapping Customers-Suppliers"). We primarily procured computing power resources and provided edge cloud computing services to the Overlapping Customers-Suppliers. The following table sets forth our sales to and purchases from the Overlapping Customers-Suppliers during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
Sales to the Overlapping Customers-Suppliers			
Revenue (RMB'000)	43,728.7	59,697.2	64,350.3
As a percentage of total revenue (%)	15.3	16.7	11.5
Purchases from the Overlapping Customers-Suppliers			
Purchase amount (RMB'000)	10,859.8	15,010.0	25,453.8
As a percentage of cost of sales (%)	4.5	5.1	5.2

Our Directors confirm that our sales to and our purchases from the Overlapping Customers-Suppliers were (i) entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times and (ii) conducted on an arm's length basis. To the best knowledge of our Directors, we did not have any other overlap between our other major customers and major suppliers during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

The distributed cloud computing services industry in China and globally is competitive. We compete mainly on product functionality and scope, performance, service scalability and reliability, technical strengths, marketing and sales capabilities, user experience, pricing, brand awareness and reputation. In addition, emerging and enhanced technologies are likely to further intensify competition of our industry. For details, please refer to "Industry Overview—Competitive Landscape of China's Edge Cloud Computing Services" and "Industry Overview—Competitive Landscape of Chinese Independent AI Cloud Computing Service Providers."

EMPLOYEES

As of December 31, 2024, we had 204 full-time employees. The following table sets forth the number of our employees by function as of December 31, 2024:

	As of December 31, 2024	
Function	**Number**	**%**
Research and development	138	67.6
Sales and marketing	31	15.2
Operations	14	6.9
Administration and others	21	10.3
Total	204	100.0

We believe that our success depends on our ability to attract, retain and motivate qualified talents. We primarily recruit our employees through recruitment agencies, campus job fairs, internal referral programs and online channels, including our company website and social networking platforms. As part of our recruiting and retention strategy, we have established comprehensive training programs that cover topics such as corporate culture, employees' rights and responsibilities, team building, compliance and job performance.

We offer competitive salaries, performance-based promotion, incentive stock options, bonuses and other incentives. We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

We enter into standard employment, confidentiality and non-compete agreements with our employees. We participate in housing provident funds and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans.

PROPERTIES

Our headquarters is located in Shanghai, China. We did not own any properties as of the Latest Practicable Date. As of the Latest Practicable Date, we leased six properties in the PRC with an aggregate gross floor area of approximately 4,603.1 square meters. Our leased properties are primarily used as offices.

As of the Latest Practicable Date, our leased properties in the PRC are required by the applicable PRC laws and regulations to be registered and filed with the relevant land and real estate administration bureaus in the PRC, all of which had not been so registered or filed.

As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease.

Having considered the foregoing, our Directors believe that the non-registrations of leases described above will not, individually or in the aggregate, materially affect our business and results of operation, on the grounds that: (i) no penalty had been imposed on us for our failure to register and file the relevant lease agreements during the Track Record Period and up to the Latest Practicable Date, (ii) we were advised by our PRC Legal Advisor that, if the lease registration can be completed in accordance with relevant laws and regulations within the prescribed time limit ordered by the competent governmental authorities, the risk of governmental authorities imposing a material penalty on us with respect to these leased properties is remote.

INSURANCE

Our employee-related insurance consists of pension insurance, unemployment insurance, work-related injury insurance and medical insurance, as required by PRC laws and regulations. In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. During the Track Record Period, we did not make any material insurance claim in relation to our business.

We believe our insurance policy complies with the relevant rules and regulations in the PRC. For details, please refer to the paragraph headed "Risk Factors—Risks Relating to Our Business and Industry—We may not have sufficient insurance coverage to cover our potential liability or losses, and our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise." in this document.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant regulatory authorities that are material to our operations in China. The following table sets out a list of our material licenses and permits as of the Latest Practicable Date:

License/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Value-Added Telecommunications Business Operating License (IDC/CDN/ISP) (增值電信業務經營許可證(IDC/CDN/ISP)).	PPIO Shanghai	Ministry of Industry and Information Technology of PRC (中華人民共和國工業和信息化部)	January 13, 2023	July 22, 2025[(1)]
Value-Added Telecommunications Business Operating License (ICP) (增值電信業務經營許可證(ICP)) . . .	PPIO Shanghai	Shanghai Communications Administration (上海通信管理局)	May 26, 2025	July 17, 2030

Note:

(1) As of the Latest Practicable Date, we had submitted a renewal application for such license and the application was under the relevant government authorities' review. Our PRC Legal Advisor is of the view that there is no material impediment in obtaining the renewed license.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any administrative penalties, bankruptcy or receivership proceedings), which we believe would have a material adverse effect on our business, results of operations or financial condition. As of the Latest Practicable Date, we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which we believe would have a material adverse effect on our business, results of operations or financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that we believe would have a material adverse effect on our business, results of operations or financial condition.

During the Track Record Period and as of the Latest Practicable Date, we had not experienced any major error, defect, security vulnerability or service interruption in our services and solutions, nor have we been subject to any material claims brought against us by any of our customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We believe our continued growth rests on integrating social values into our business. We endeavor to utilize our technology and solutions to offer public welfare resources to everyone. Since the inception of our operations, we have established various environmental, social and governance initiatives to comprehensively improve our corporate governance and benefit society.

We do not operate any production facilities. Therefore, we are not subject to any significant health, safety or environmental risks. During the Track Record Period and as of the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

Our Board's Commitment

Our Board is responsible for evaluating and managing material ESG issues. Our management is responsible for developing our ESG strategy, policy and reporting, including assessing and managing environmental and climate-related risks, with oversight provided by the Board.

Our senior management is specifically in charge of: (i) designating a representative who will be in charge of determining the responsibilities and authority of each department head with regard to ESG matters; (ii) approving our environmental objectives and employee training plans; (iii) making sure there are enough resources available to establish, implement, and maintain the environmental management system; (iv) assessing and mitigating our ESG risks on a regular basis; and (v) taking action in response to potential ESG accidents.

Environmental Responsibility

We are committed to reducing our environmental impact. As such, we have adopted environmentally friendly practices and policies, such as encouraging recycling, double-side printing and reusing of waste paper; using electronic channels for internal communication to minimize paper waste; and switching off air-conditioners and other electronics after normal business hours and during non-working days.

The following table sets forth our electricity and paper consumption during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
Electricity usage *(kWh)*	156,018.6	226,365.3	248,749.4
Paper usage *(in thousands of pages)*. . .	53.5	38.0	85.5

We intend to continually reduce the level of our energy consumption. We will implement the following measures: (i) promoting the application of new technologies, processes and equipment for saving energy, and taking energy efficiency indicators into consideration in the procurement process; (ii) enhancing the education and training relating to energy emission reduction for all employees; and (iii) prioritizing hardware and software suppliers who have obtained recognized environmental certifications to demonstrate a strong commitment to sustainable practices. This collaborative approach fosters a collective effort towards sustainability.

Social Responsibility

We have made contributions to the welfare of society and sharing our corporate social responsibility. During the Track Record Period, we donated to various local schools in rural areas of Qinghai, Yunan, Xinjiang and Guizhou provinces, aimed at enhancing access to elementary education and improving educational resources and infrastructure. Through these efforts, we strive to empower the younger generation, bridge educational gaps and create lasting opportunities for growth and development in these regions.

Board and Management Diversity

We have adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at our Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. With respect to gender diversity, Ms. Lyu Shanshan, Ms. Su Alice Jia, Ms. Ho Chui Ping Michelle, Ms. Wang Ting and Ms. Chu Wan, having extensive experience in their respective fields, contribute to gender diversity of our Board and our senior management. We will continue to enhance our Board's gender diversity upon [**REDACTED**]. For example, we will actively identify female individuals suitably qualified to become our Board members. To further ensure gender diversity in the long run, our Nomination Committee will periodically review our board diversity policy to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. When we hire additional personnel in line with our business expansion, we will also take into consideration factors such as gender diversity and gender balance among our workforce.

RISK MANAGEMENT AND INTERNAL CONTROL

We are committed to developing and maintaining robust risk management and internal control systems tailored to our business operations, with a continuous focus on enhancing their effectiveness. We continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

Financial Reporting Risk Management

Our financial reporting risk management includes a comprehensive set of accounting policies. We have established procedures to effectively implement these policies, and our financial department regularly reviews management accounts based on these procedures. Additionally, we provide ongoing training to our finance department employees to ensure they are well-versed in and can effectively apply our financial management and accounting policies in our daily operations.

Internal Control Risk Management

To ensure compliance with applicable regulations and internal standards, we have instituted stringent internal procedures. Our compliance team collaborates closely with the finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company. We maintain rigorous internal procedures to secure all necessary licenses, permits and approvals for our operations, with regular reviews by our internal control team to monitor the status and effectiveness of these authorizations. Our compliance team also coordinates with relevant departments to secure the necessary governmental approvals or consents for filings with appropriate authorities.

Human Resources Risk Management

We conduct regular and specialized training tailored to the diverse needs of our departments, ensuring that our staff's skills are current and aligned with our customer service objectives. We provide our employees with an employee handbook that outlines internal rules and guidelines on best commercial practices, work ethics, fraud prevention, negligence and corruption. Additionally, we have established a code of business conduct and ethics, and an anti-bribery and corruption policy. These guidelines outline best commercial practices and work ethics, providing clear anti-bribery guidance and measures. We maintain an open internal reporting channel for our staff to report any wrongdoing or misconduct, ensuring that all reported incidents and individuals are investigated, with appropriate actions taken based on the findings.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions in respect of our services, technology and innovation. The following table sets out the details of some of the notable awards and recognitions which we have received:

Award/Recognition	Award Year	Awarding Institution/Authority
Quantum Bit "AIGC Companies to Watch in 2025" (量子位「2025年值得關注的AIGC企業」)	2025	Quantum Bit 量子位
Quantum Bit "2024 AI Annual Potential Startup" (量子位「2024人工智能年度潛力創業公司」)	2024	Quantum Bit
Zhongguancun Intelligent AI Research Institute "2024 AI Application Benchmark" (中關村智用人工智能研究院「2024人工智能應用標桿」)	2024	Zhongguancun Intelligent AI Research Institute 中關村智用人工智能研究院
"2024 China Tech Industry Leading List" & Key Case in "China AI Computing Power Industry Development Report" (「2024中國科技產業引領榜」及《中國AI算力行業發展報告》重點廠商案例)	2024	Jazzyear 甲子光年
SegmentFault "2024 China Emerging Technology Pioneer Enterprise List" (SegmentFault「2024中國新銳技術先鋒企業榜單」)	2024	SegmentFault
CAICT 2024 Annual Distributed Computing Power "Star Shining" Case (中國信通院2024年度分布式算力「星耀」案例)	2024	CAICT 中國信通院
CAICT 2023 Annual Computing Network Infrastructure Excellent Case (中國信通院2023年度算網基礎設施優秀案例)	2024	CAICT
IDC China Edge Cloud Market Report (Top Ten) (IDC中國邊緣雲市場報告(前十))	2024, 2023	IDC
CAICT Edge Computing Pioneer Enterprise (中國信通院邊緣計算先鋒企業)	2023	CAICT

OVERVIEW

Foreign investment activities in the PRC are mainly governed by the Negative List and the Catalog (collectively known as the "**Relevant PRC Regulations**"). Based on the Relevant PRC Regulations, industries for foreign investors to make investment can be divided into four categories in terms of foreign investment, namely. "encouraged", "permitted", "restricted" and "prohibited". Industries not listed under the Relevant PRC Regulations are generally deemed as falling into the "permitted" category. See "Regulatory Overview—Regulations Relating to Foreign Investment" in this document for details.

Below table sets out a summary of our businesses and the corresponding business sectors carried out by our Consolidated Affiliated Entities (the "**Relevant Business**") which are subject to foreign investment restriction or prohibition under the Relevant PRC Regulations.

Consolidated Affiliated Entity	Description of business	Licenses Required for Relevant Businesses	Category under the Relevant PRC Regulations
PPIO Shanghai	Provision of Edge Cloud and AI Cloud services	Value-Added Telecommunications Business Operating License (IDC/CDN/ISP)	Prohibited
		Value-Added Telecommunications Business Operating License (ICP)	Restricted

Although we have a Hong Kong subsidiary, namely PPLabs HK, it does not meet all the requirements of a Hong Kong value-added telecommunication service suppliers under the relevant rules stipulated in the Mainland and Hong Kong Closer Economic Partnership Arrangement and the Mainland and Macao Closer Economic Partnership Arrangement (collectively, "**CEPA**") and does not possess the actual experience needed for applying as a Hong Kong service supplier of value-added telecommunications from the Hong Kong Trade and Industry Department, which is the pre-requisite for enjoying preferential treatment under CEPA. We are therefore not qualified under the CEPA exemption for 50% equity interest in value-added telecommunication services.

As illustrated above, since foreign investment in certain areas of the industry in which we currently operate is subject to foreign investment prohibition under current Relevant PRC Regulations, we determined that it was not viable for us to hold the Consolidated Affiliated Entities directly or indirectly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment prohibition, we would hold the interest and gain effective control over the Consolidated Affiliated Entities through Shanghai DAO under the Contractual Arrangements.

Our Directors are of the view that the Contractual Arrangements are narrowly tailored for the following reasons:

1. According to the Negative List, within the scope of the telecommunications services that China has promised to open up in its accession to the WTO, foreign investors are restricted from holding more than 50% of the equity interest of enterprises operating such value-added telecommunications services (except for e-commerce, domestic multi-party communication, storage and forwarding and call center). Any value-added telecommunication services that are not included in the scope of China's WTO commitments to open up to foreign investment, including the provision of internet data center services, internet access services, domestic internet protocol virtual private network services and content delivery network services, are generally prohibited from foreign investment, except for certain allowed investment by qualified telecommunication service enterprise incorporated in Hong Kong or Macau in accordance with CEPA.

2. Based on the consultation conducted by our PRC Legal Advisor on May 28, 2025 with competent authorities, our PRC Legal Advisor confirmed that the Contractual Arrangements are not prohibited by the current laws and regulations.

   Our PRC Legal Advisor is of the view that based on the above-mentioned confirmation, to maintain the business operation of the Consolidated Affiliated Entities and to hold the interest in the Consolidated Affiliated Entities in compliance with applicable PRC laws and regulations and local governmental authorities' requirements, the Consolidated Affiliated Entities could be held by our Company through the Contractual Arrangements.

3. We provide edge cloud computing services and AI cloud computing services to our customers and is required to obtain a value-added telecommunications business operating license for the provision of Internet information services, or the ICP License. Thus, our Directors consider the ICP License is inseparable part of our Relevant Business.

4. Generative Era is a wholly-owned subsidiary of PPIO Shanghai and was established on September 6, 2024. From its incorporation to December 31, 2024, Generative Era has only provided services to PPIO Shanghai and thus, has not contributed any revenue to our total revenue for the financial year ended December 31, 2024. Thus, the business conducted by Generative Era is immaterial in terms of its revenue contribution to our Group. As at the Latest Practicable Date, Generative Era has not been engaged in or licensed for "restricted" business under the Relevant PRC Regulations.

Our Directors believe that the Contractual Arrangements are fair and reasonable because (i) the Contractual Arrangements were freely negotiated and entered into among Shanghai DAO, PPIO Shanghai and the Registered Shareholders and their spouses; (ii) by entering into the Exclusive Business Cooperation Agreement (as defined below) with Shanghai DAO, which is our subsidiary established in the PRC, PPIO Shanghai will enjoy better economic and technical support from us, as well as a better market reputation after the [**REDACTED**]; and (iii) there are a number of other companies using similar arrangements to accomplish the same purpose.

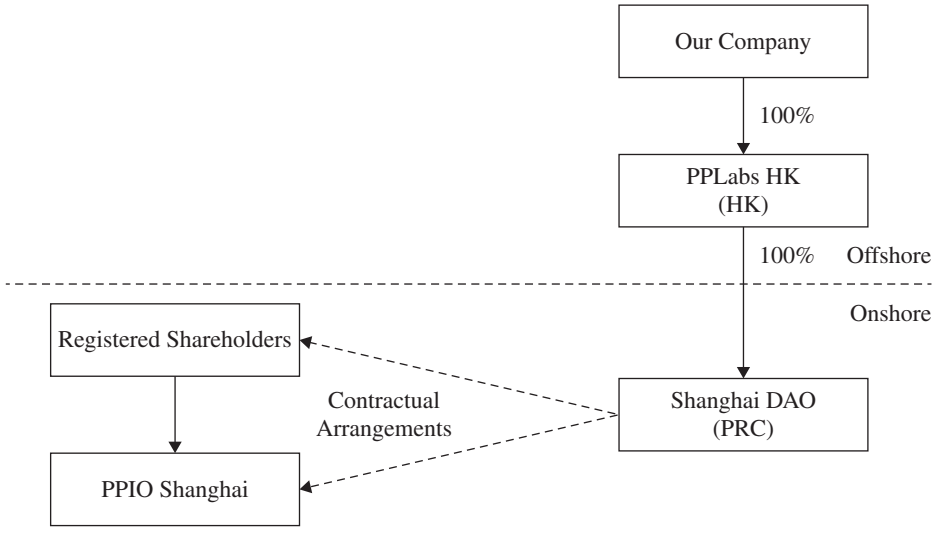
We will unwind and terminate the Contractual Arrangements wholly or partially in respect of the operation of our Relevant Businesses to the extent permissible and directly hold the maximum percentage of ownership interests permissible by the Relevant PRC Regulations if our Relevant Businesses are no longer prohibited or restricted from foreign investment or the relevant government authorities grant the VAT License and/or other requisite permit for our Relevant Businesses to a sino-foreign equity joint venture or wholly-owned foreign investment entity established by our Company.

We will make periodic inquiries with relevant PRC authorities to understand any new regulatory development (including the Announcement on Conducting Pilot Work to Expand the Opening-Up of Value-Added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》) issued and implemented by the MIIT on April 8, 2024) and assess and evaluate our Contractual Arrangements.

See "Regulatory Overview—Regulations Related to Value-added Telecommunications Services" in this document for details of the licensing and approval requirements applicable to the Relevant Businesses under the Relevant PRC Regulations.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from PPIO Shanghai to our Group stipulated under the Contractual Arrangements:



Notes:

(1) "→" denotes legal and beneficial ownership in the equity interests.

(2) "—→" denotes contractual relationship through the Contractual Arrangements.

(3) Through a loan agreement dated March 12, 2021 as amended by a supplemental agreement dated June 10, 2025, Shanghai DAO provided a loan of RMB3 million to Ms. Lyu and RMB2 million to Mr. Wang, for the sole purpose to contribute to the registered capital of PPIO Shanghai. See "Summary of the Material Terms of the Contractual Arrangements—Loan Agreement" in this section for details.

(4) Shanghai DAO provides technical support, consulting services and other services in exchange for service fees from PPIO Shanghai. See "Summary of the Material Terms of the Contractual Arrangements—Exclusive Business Cooperation Agreement" in this section for details.

(5) The Registered Shareholders executed the exclusive option agreements in favor of Shanghai DAO, for the acquisition of all or part of the equity interests and/or assets in Shanghai DAO. See "Summary of the Material Terms of the Contractual Arrangements—Exclusive Business Option Agreements" in this section for details.

(6) The Registered Shareholders granted first priority security interest in favor of Shanghai DAO, over the entire equity interests in PPIO Shanghai. See "Summary of the Material Terms of the Contractual Arrangements—Exclusive Pledge Agreements" in this section for details.

(7) The Registered Shareholders executed powers of attorney in favor of Shanghai DAO, for the exercise of all shareholders' rights in PPIO Shanghai. See "Summary of the Material Terms of the Contractual Arrangements—Powers of Attorney" in this section for details.

(8) The spouse of each of Ms. Lyu and Mr. Wang (each being a Registered Shareholder who is an individual and has a spouse) executed an undertaking in favor of Shanghai DAO. See "Summary of the Material Terms of the Contractual Arrangements—Spouse Undertakings" in this section for details.

(9) As at the Latest Practicable Date, PPIO Shanghai was held by the following Registered Shareholders in the following percentages:

Shareholders	Approximate percentage of shareholding
Ms. Lyu	60%
Mr. Wang	40%
Total	100.00%

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

Loan Agreement

Shanghai DAO entered into a loan agreement with Ms. Lyu on March 12, 2021 (the "**Loan Agreement**" as amended by a supplemental agreement to a series of agreements dated June 10, 2025 entered into amongst Shanghai DAO, PPIO Shanghai and the Registered Shareholders (the "**Supplemental Agreement**")), pursuant to which, Shanghai DAO agreed to provide RMB3 million loan to Ms. Lyu and RMB2 million loan to Mr. Wang (collectively, the "**Loan**") for the sole purpose to contribute to the registered capital of PPIO Shanghai. The term of the Loan Agreement is ten years from the date thereof and can be extended by Shanghai DAO in its sole discretion.

Exclusive Business Cooperation Agreement

Shanghai DAO entered into an exclusive business cooperation agreement with PPIO Shanghai on March 12, 2021 (the "**Exclusive Business Cooperation Agreement**", as amended by the Supplemental Agreement), pursuant to which, in exchange for a service fee, Shanghai DAO agreed to provide PPIO Shanghai with business support, technical service and consultation service, including but not limiting to, technical service, network support, business consultation, intellectual properties licensing, equipment and office leasing, market consultation, system integration and product research and development.

PPIO Shanghai shall pay service fees to Shanghai DAO based on the actual work done and commercial value of the services provided. Subject to compliance with the relevant PRC laws and regulations, the service fee under the Exclusive Business Cooperation Agreements shall consist of 100% of the profits of PPIO Shanghai.

Shanghai DAO shall provide the above services to PPIO Shanghai on an exclusive basis, which means that not only does PPIO Shanghai agree to accept the above services provided by Shanghai DAO, it also agrees that, during the term of the Exclusive Business Cooperation Agreement, without prior written consent of Shanghai DAO, PPIO Shanghai shall not (1) directly or indirectly accept services provided by any third party, that are identical or similar to the services contemplated in the Exclusive Business Cooperation Agreement; or (2) establish cooperation relationships similar to that formed by the Exclusive Business Cooperation with

other entities, enterprises or any third party. Shanghai DAO may appoint other parties, who may enter into certain agreements with PPIO Shanghai, to provide PPIO Shanghai with the consultations and/or services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement also provides that Shanghai DAO shall have the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by PPIO Shanghai and its subsidiaries during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement has an initial term of 10 years from the date of its execution. Only Shanghai DAO has the right, in its sole discretion, to determine whether to extend the Exclusive Business Cooperation Agreement upon expiry and, if so, the duration of such extension. PPIO Shanghai agreed to irrevocably and unconditionally accept the decision made by Shanghai DAO on the extension. The Exclusive Business Cooperation Agreement shall remain in force until expiry, if not extended pursuant to its terms and conditions. Shanghai DAO has the right to terminate the Exclusive Business Cooperation Agreement at any time by 30-day prior notice while PPIO Shanghai is only entitled to terminate the Exclusive Business Cooperation Agreement in the event that there is gross negligence or fraud on the part of Shanghai DAO.

Exclusive Option Agreements

Shanghai DAO, the Registered Shareholders and PPIO Shanghai entered into an exclusive option agreement on March 12, 2021 (the "**Exclusive Option Agreements**", as amended by the Supplemental Agreement), pursuant to which Shanghai DAO and/or its designee(s) has been granted an irrevocable and exclusive right from the Registered Shareholders and PPIO Shanghai to purchase all or any part of (i) the equity interests in PPIO Shanghai and/or its subsidiaries and (ii) the assets of PPIO Shanghai and/or its subsidiaries, at any time and from time to time, at RMB1 or the lowest price legally permissible under the applicable laws of PRC (the "**Exclusive Option Rights**").

To exercise the Exclusive Option Rights, Shanghai DAO (or its designee(s)) should issue written notice (the "**Notice**"), which should set out the decision to exercise the Exclusive Option Rights, percentage of the equity interests to be acquired and the date of transfer of the relevant equity interests. When exercising the Exclusive Option Rights to acquire equity interests, each of the Registered Shareholders or PPIO Shanghai (where applicable) shall (i) enter into sale and purchase agreement with Shanghai DAO (or its designee(s)); (ii) procure PPIO Shanghai and/or its subsidiaries to convene shareholders' meeting to approve the transaction; and (iii) execute all such documents and take all necessary actions, so that the relevant equity interests in PPIO Shanghai and/or its subsidiaries as set out in the Notice can be effectively transferred to and registered under the name of Shanghai DAO (or its designee(s)).

PPIO Shanghai and the Registered Shareholders (as shareholders of PPIO Shanghai within the authority of shareholders) covenant and warrant, among other things, that:

- without the prior written consent of Shanghai DAO, not to supplement, change or modify the articles of association of PPIO Shanghai in any form, increase or decrease its registered capital, or change its registered capital structure in other ways;

- maintain the effective existence of the company, prudently and effectively operate its business and handle company affairs in accordance with good commercial standards and practices;

- without the prior written consent of Shanghai DAO, not to sell, transfer, mortgage or otherwise dispose of the legal or beneficial interests of any assets, business or income of PPIO Shanghai, or permit any other security interest to be encumbered thereon, at any time from the date of execution of the Exclusive Option Agreements;

- after liquidation occurs, the Registered Shareholders shall pay in full any remaining residual value they collected to Shanghai DAO on a non-reciprocal payment basis. If such payments are prohibited by the PRC laws, the Registered Shareholders shall make payment to Shanghai DAO (or its designee(s)) in such way permitted under the PRC laws;

- without the prior written consent of Shanghai DAO, no debt shall be incurred, inherited, guaranteed or exist, except (i) debts incurred in the normal or ordinary course of business rather than through borrowing, and (ii) debts that have been disclosed to Shanghai DAO and its written consent has been obtained;

- have been operating all businesses in the normal course of business in order to maintain the asset value of PPIO Shanghai, and refrain from any action/omission that would affect its operating conditions and asset value;

- without the prior written consent of Shanghai DAO, PPIO Shanghai shall not sign any material agreements in an amount exceeding RMB100,000, except for agreements signed in the ordinary course of business;

- without the prior written consent of Shanghai DAO, PPIO Shanghai will not provide loans, guarantees or credits to anyone;

- at Shanghai DAO's request, provide Shanghai DAO with all information about the operation and financial status of PPIO Shanghai;

- if requested by Shanghai DAO, PPIO Shanghai shall purchase and maintain insurance from an insurance company approved by Shanghai DAO, and the amount and types of insurance maintained shall be consistent with those of companies operating similar businesses and owning similar properties or assets in the same area;

- without the prior written consent of Shanghai DAO, PPIO Shanghai shall not merge or consolidate with or acquire or invest in any entity, or sell any of its assets valued at RMB100,000 or above;

- immediately notify Shanghai DAO of the occurrence or possible occurrence of litigation, arbitration or administrative procedures related to the assets, business and income of PPIO Shanghai. PPIO Shanghai will take all necessary measures according to Shanghai DAO's instruction;

- in order to maintain the ownership of all assets of PPIO Shanghai, sign all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate charges or make necessary and appropriate claims for all claims appropriate defenses;

- without the prior written consent of Shanghai DAO, PPIO Shanghai shall not distribute dividends in any form to its shareholders. Upon Shanghai DAO's request, PPIO Shanghai shall immediately distribute all distributable profit to its shareholders; and

- according to Shanghai DAO's request, appoint any person designated by Shanghai DAO to serve as PPIO Shanghai's director or remove any current director.

The Registered Shareholders, separately and jointly, irrevocably covenant and warrant that, they shall, among other things:

- without Shanghai DAO's prior written consent, not to sell, transfer, mortgage or otherwise dispose of any legal or beneficial interests of PPIO Shanghai, or allow any other security interests to be created, except for the security interests arising under the pledge of equity interest under the Equity Pledge Agreement;

- not require PPIO Shanghai to make any distribution of profits in the form of dividends or by any other means and guarantee not to propose any resolutions in this connection at the general meeting or otherwise vote in favor of such resolutions in the general meeting. Any income, profit distribution, dividend received by the Registered Shareholders shall be held by the Registered Shareholders for the account of Shanghai DAO and the Registered Shareholders shall, to the extent permitted under the PRC law, transfer such income, profit distribution, dividend to Shanghai DAO or any person designated by it, as the service fee payable to Shanghai DAO under the Exclusive Business Cooperation Agreement;

- procure that the shareholders' meeting and cause the board of directors of PPIO Shanghai, not to approve the sale, transfer, mortgage or other disposal of any legal or beneficial interest held by the Registered Shareholders in PPIO Shanghai, without the prior written consent of Shanghai DAO, or allow any other security interests to be created thereon, except for the security interests arising under the Equity Pledge Agreements;

- procure that the shareholders' meeting and cause the board of directors of PPIO Shanghai, not to approve PPIO Shanghai's merger or alliance with anyone, or the acquisition of any company or invest in any company without the prior written consent of Shanghai DAO;

- immediately notify Shanghai DAO of the occurrence or possible occurrence of any litigation, arbitration or administrative procedure concerning its equity interest in PPIO Shanghai, and take all necessary measures according to Shanghai DAO's reasonable requirements;

- procure the shareholders' meeting and cause the board of directors of PPIO Shanghai to approve of the transfer of the purchased equity stipulated in the Exclusive Option Agreements and take any other actions at the request of Shanghai DAO;

- to execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate charges or defend all necessary and appropriate claims in order to maintain their ownership of the shares in PPIO Shanghai;

- according to the request of Shanghai DAO, to appoint any person designated by Shanghai DAO as the director of PPIO Shanghai;

- upon Shanghai DAO's request at any time, to unconditionally and immediately transfer their equity interest and/or assets to Shanghai DAO or the person designated by Shanghai DAO at any time and to surrender their respective rights of first refusal (if any);

- strictly abide by the provisions of the Exclusive Option Agreements and other agreements signed jointly or separately by the Registered Shareholders, Shanghai DAO and PPIO Shanghai, earnestly perform the obligations under these agreements, and not to carry out any actions/inactions that can affect the effectiveness or enforceability of these agreements. If the Registered Shareholders still retain any rights to their equity interests under the Exclusive Option Agreements or under the Equity Pledge Agreements signed by the parties to the Exclusive Option Agreements or the power of attorney to Shanghai DAO, the Registered Shareholders shall not exercise such rights unless Shanghai DAO instructs in writing.

The Exclusive Option Agreement shall remain effective upon the execution unless terminated in the event that any equity interests of PPIO Shanghai held by the Registered Shareholders and/or assets held by PPIO Shanghai and its subsidiaries are legally transferred to Shanghai DAO and/or the designated person(s) in accordance with the provisions of the Exclusive Option Agreement. Notwithstanding the above, Shanghai DAO always has the right to terminate the Exclusive Option Agreement at any time by giving written notice to the Registered Shareholders and PPIO Shanghai thirty (30) days in advance, and Shanghai DAO does not need to bear any liability for breach of contract for unilateral termination of the Exclusive Option Agreement.

Equity Pledge Agreements

Shanghai DAO entered into an equity pledge agreement with PPIO Shanghai and the Registered Shareholders on March 12, 2021 (the "**Equity Pledge Agreement**"), pursuant to which the Registered Shareholders agreed to pledge all of their current and future respective equity interests in PPIO Shanghai as first priority to Shanghai DAO to guarantee all direct, indirect, consequential losses and loss of predictable benefits suffered by Shanghai DAO due to any breach of contract by the Registered Shareholders and/or PPIO Shanghai, the Registered Shareholders and PPIO Shanghai shall perform in full and on time under the Contractual Arrangements, including but not limited to the payment by PPIO Shanghai to Shanghai DAO of the consulting and service fees specified in the Contractual Arrangements (whether or not such fees are due and payable due to the due date, early collection requirements or other reasons).

The pledge under the Equity Pledge Agreement shall take effect upon the completion of registration of the pledge with the relevant market supervision authority, and shall remain valid until (1) the expiration or early termination of the Contractual Arrangements; (2) all service fees under the Contractual Arrangements are paid, and the Registered Shareholders and PPIO Shanghai no longer undertake any obligations under the Contractual Arrangements; and (3) after the Registered Shareholders legally transfer all the equity interests in PPIO Shanghai to Shanghai DAO and/or the designated person in accordance with the stipulations in the Exclusive Option Agreements.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement) and after sending the notice of default, Shanghai DAO shall have the right to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreements, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interests of the Registered Shareholders.

Powers of Attorney

Each of Registered Shareholders executed a powers of attorney on March 12, 2021 (the "**Powers of Attorney**" as amended by the Supplemental Agreement), pursuant to which each of the Registered Shareholders unconditionally and irrevocably appoint Shanghai DAO (and its designee(s)) as each of their sole and exclusive attorney-in-fact, to exercise on each of their behalf, all the rights that each of them has as the shareholders of PPIO Shanghai as set out in the then-valid articles of association of PPIO Shanghai, including but not limited to:

- propose, convene and attend the shareholders' meeting of PPIO Shanghai;
- exercising all shareholder rights that each of them enjoys in accordance with the PRC laws and the articles of association of PPIO Shanghai, including but not limited to shareholder voting rights, the right to sell or transfer, pledge or dispose of all or any part of each of their equity;
- as each of the Registered Shareholders' authorized representative, designate and elect the legal representative (chairman), director (or executive director), supervisor, chief executive officer (or general manager), and other senior management personnel of PPIO Shanghai;
- the right to dividends, approval of budgets, company mergers, changes in share capital, signing of motions and other rights;
- sign on behalf of the Registered Shareholders the relevant equity transfer agreement, asset transfer agreement, capital reduction agreement, capital increase agreement, shareholders' meeting resolution, minutes of meeting and other relevant documents when the conditions for the right to purchase equity or assets as stipulated in the Exclusive Option Agreements have been fulfilled, as well as handle the governmental approval procedures required for the transfer, capital reduction and capital increase on behalf of the Registered Shareholders or PPIO Shanghai;
- filing lawsuits or taking other legal actions against PPIO Shanghai's legal representatives, directors, supervisors, general manager and other senior management personnel when the behavior of such persons is detrimental to the interests of PPIO Shanghai or the Registered Shareholders;
- other rights in accordance with the laws and regulations of the PRC and the Articles of Association of the Company, the right to dividends, approval of budgets, company mergers, changes in share capital, signing of motions and other rights.

The Registered Shareholders undertake that they will not revoke the appointment of Shanghai DAO (and its designee(s)) as their attorney-in-fact.

The Powers of Attorney shall be effective upon the completion of execution, and shall remain effective so long as each of the Registered Shareholders hold equity interests in PPIO Shanghai.

Spouse Undertakings

The spouse of each of the Registered Shareholders, has signed an undertaking (collectively, the "**Spouse Undertakings**") to the effect that, among others, (i) confirms and agrees that in whatever circumstances, the equity interests (together with any other interests therein) of PPIO Shanghai held and to be held by each of the Registered Shareholders shall be dealt with as stipulated under the Contractual Arrangements; (ii) the equity interests in PPIO Shanghai are personal properties of each of the Registered Shareholders and no authorization or consent of her/his is required when performance, modification or termination of the Contractual Arrangements or execution of other documents in place of any agreements under the Contractual Arrangements; (iii) the spouse undertakes not to claim rights or interests over the equity interests in PPIO Shanghai; (iv) the spouse undertakes that if he/she received any equity interests in PPIO Shanghai owned by the relevant Registered Shareholder, he/she will be bound by the Contractual Arrangements and will perform the obligations thereunder as a registered shareholder of PPIO Shanghai and will, upon request of Shanghai DAO, execute a new set of agreements with terms similar to the Contractual Arrangements.

Dispute Resolution

Each of the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, the parties shall negotiate in good faith and if the dispute has not been resolved within 30 days after the deliver of negotiation request by a party, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then-effective arbitration rules. The arbitration shall be conducted in Beijing. The language used during arbitration shall be Chinese. The arbitration rulings shall be final and binding on all parties.

Pending the formation of the arbitral tribunal and where appropriate, parties to the Contractual Arrangements shall have the right to apply to a court of competent jurisdiction for the promulgation and/or enforcement of preservation measures or other applicable interim measures to support the conduct of the arbitration, including, but not limited to, detention or freezing of judgments or awards on the property or equity of the other parties. After the arbitral award becomes effective, any party to the Contractual Arrangements shall have the right to apply to the competent court for enforcement of the arbitral award. Competent courts in the PRC, Hong Kong, the Cayman Islands or other jurisdictions (including the court of the place of incorporation of the Company, the court of the place of incorporation of PPIO Shanghai, or the court of the location of the principal assets of PPIO Shanghai or Shanghai DAO) shall be deemed to have jurisdiction for the above purposes.

However, our PRC Legal Advisor has advised that the above provisions may not be enforceable under the PRC laws and regulations. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of PPIO Shanghai pursuant to the current PRC laws and regulations. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that PPIO Shanghai or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over PPIO Shanghai and conduct our business could be materially and adversely affected. See "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for details.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Registered Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents, and the maternal grandparents, and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, Shanghai DAO can enforce its rights against the successors.

Conflicts of Interests

The Registered Shareholders have undertaken in the Powers of Attorney that each of their authorization under the Powers of Attorney will not give rise to any actual or potential conflict of interest between the Registered Shareholders and Shanghai DAO and/or its authorized person. If each of the Registered Shareholders is also a director (or executive director) or senior management of the overseas parent company of Shanghai DAO or Shanghai DAO, each of the Registered Shareholders confirmed that the Powers of Attorney shall be enforced in a manner most beneficial to the overseas parent company of Shanghai DAO or Shanghai DAO.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provides that our Company or our wholly-owned PRC subsidiary, Shanghai DAO, is obligated to share the losses of PPIO Shanghai. Further, PPIO Shanghai is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under the relevant PRC laws and regulations, our Company or Shanghai DAO is not expressly required to share the losses of PPIO Shanghai or provide financial support to PPIO Shanghai. Shanghai DAO may, however, provide or assist PPIO Shanghai in obtaining financial support at its sole discretion. Despite the foregoing, given that our Group conducts the Relevant Businesses in the PRC through the Consolidated Affiliated Entities which holds the requisite PRC licenses and approvals, and that results of operations and assets and liabilities of the Consolidated Affiliated

Entities are consolidated into our Group's results of operations and assets and liabilities under the applicable accounting principles, our Company's business, financial condition, and results of operations would be adversely affected if the Consolidated Affiliated Entities suffered losses.

Liquidation

Pursuant to the Exclusive Option Agreement, in the event that PPIO Shanghai is required by the PRC law to dissolve or liquidate, after the liquidation, each of the Registered Shareholders irrevocably undertakes to pay in full any remaining residual value received by them to Shanghai DAO or the party designated by it, or to cause such payment to occur, in accordance with the provisions and requirements of PRC law at that time.

Insurance

There are certain risks involved in our operations, in particular, those relating to our corporate structure and the Contractual Arrangements. We have determined that the costs of insurance for the risks associated with the business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of the Latest Practicable Date, our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements. See "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for details.

Company's Confirmation

As of the Latest Practicable Date, our Company had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through PPIO Shanghai under the Contractual Arrangements.

EFFECT OF THE CONTRACTUAL ARRANGEMENTS

We believe that the Contractual Arrangements provide a mechanism that enables us to exercise effective control over PPIO Shanghai and its subsidiaries, is narrowly tailored to achieve our business purposes and to protect and safeguard the interests of our Company and our future public shareholders in the event of any dispute between us, PPIO Shanghai and the Registered Shareholders on the following basis:

(i) the arrangement under the Exclusive Business Cooperation Agreement will ensure that all economic benefits generated from the operations of PPIO Shanghai will flow to Shanghai DAO whilst ensuring compliance with applicable PRC laws and regulations and allowing PPIO Shanghai to continue to maintain the relevant operating licenses and permits as required by relevant PRC government authorities and to operate such value-added telecommunication service which are restricted or prohibited to be conducted by foreign investors or foreign owned or invested

entities, and hence, is in the best interest of our Group as a whole. The delineation of the assets and staffing between Shanghai DAO, which shall be responsible for driving key business decision-making process and provide overall business advice and consulting services, and PPIO Shanghai, which shall be responsible for the operations of the Relevant Businesses and the holding of relevant intellectual properties in compliance with relevant PRC laws and regulations and the conditions of the VAT Licence granted to PPIO Shanghai, would allow a proper discharge of the respective responsibilities of Shanghai DAO and Shanghai DAO under the Contractual Arrangements and also ensure sound and effective operation of our Company and our Relevant Businesses in compliance with the Contractual Arrangements and applicable laws and regulations;

(ii) under the Exclusive Option Agreement, the Registered Shareholders has granted Shanghai DAO an irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interests in PPIO Shanghai, at any time and from time to time, at RMB1 or the lowest price legally permissible under the applicable laws of PRC. These provisions enable Shanghai DAO or its designee(s) to act as the shareholder(s) of its choice to take over the equity interests in PPIO Shanghai at any time and thereby ensuring that our Group will continue to maintain our interest in PPIO Shanghai upon the exercise of the right pursuant to the Exclusive Option Agreement;

(iii) under the Equity Pledge Agreement, the Registered Shareholders pledged all of their respective equity interests in PPIO Shanghai to Shanghai DAO, and all such pledges have been properly registered with the relevant administration. The registered pledges effectively prevent the Registered Shareholders from impeding Shanghai DAO's control over PPIO Shanghai by transferring their equity interests in PPIO Shanghai to bona fide third parties without Shanghai DAO's knowledge or approval;

(iv) under the Powers of Attorney, the Registered Shareholders unconditionally and irrevocably appoint Shanghai DAO or its designee(s) (including but not limited to directors of PPIO Shanghai and our Company and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) the power to exercise all the rights that they have as the shareholders of PPIO Shanghai. These provisions provide Shanghai DAO with the powers to determine or change the composition of the board of directors and management team of PPIO Shanghai at any time, which in turn provides Shanghai DAO with the power to control PPIO Shanghai without the need for any further action or cooperation from the Registered Shareholders and thereby conferring the management control of Shanghai DAO on our Company and our legally-owned subsidiaries;

(v) under the Spouse Undertakings, the spouses of each of the Registered Shareholders who was married, undertake not to take any actions to prevent the performances under the Contractual Arrangements; and

(vi) we, through Shanghai DAO, will only approve and consent to PPIO Shanghai carrying out such Relevant Businesses, which would otherwise be prohibited or restricted to be carried out by foreign invested entities under PRC laws and regulations so as to ensure that the Contractual Arrangements are narrowly tailored for our business purpose.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisor has also advised that:

(i) as confirmed by the parties to the Contractual Arrangements, each of Shanghai DAO and PPIO Shanghai has obtained all necessary approvals and authorizations to execute and perform the Contractual Arrangements;

(ii) parties to each of the agreements under the Contractual Arrangements are entitled to execute the agreements and perform their respective obligations thereunder, each of the Contractual Arrangements is binding on the parties thereto and none of them would violate the provisions of the PRC Civil Code including in particular "impairing others' legitimate rights and interests with malicious collusion" or fall within any of the circumstances under which a contract may become ineffective or invalid pursuant to the PRC Civil Code or the applicable PRC laws and regulations;

(iii) none of the Contractual Arrangements violates any provisions of the articles of association of Shanghai DAO and PPIO Shanghai;

(iv) the execution and performance of the Contractual Arrangements does not require any approvals or authorizations from the PRC government authorities, except that:

  (a) the exercise of the option by Shanghai DAO of its rights under the Exclusive Option Agreement to acquire all or part of the equity interests and/or the assets of PPIO Shanghai are subject to the approvals of and/or registrations with the PRC regulatory authorities;

  (b) any equity pledge contemplated under the Equity Pledge Agreement are subject to the registration with local administration for market regulation;

  (c) the arbitration awards/interim remedies provided under the dispute resolution provisions of the Contractual Arrangements shall be subject to the recognition and enforcement of the PRC courts; and

  (d) any transfer of pledged equity interest under the Equity Pledge Agreements is subject to the approval of and/or registration to PRC regulatory authorities.

(vi) the Contractual Arrangements are in compliance with the applicable laws and regulations currently in effect in all material respects, each of the Contractual Arrangements is valid, legal and binding upon each of the parties thereto under the PRC laws, except that the Contractual Arrangements provide that the arbitral tribunal may award remedies over the equity interests or assets of each of Shanghai DAO and PPIO Shanghai, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of each of Shanghai DAO and PPIO Shanghai, and that competent courts of the PRC, Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and other jurisdictions (being the places where the principal assets of each of Shanghai DAO and PPIO Shanghai are located) also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the equity interests or property interest of each of Shanghai DAO and PPIO Shanghai. However, our PRC Legal Advisor has advised that the interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. See "Summary of the Material Terms of the Contractual Arrangements—Dispute Resolution" in this section for details.

However, there can be no assurance that the PRC regulatory authorities will not take a view that is contrary to or otherwise different from the above opinions of our PRC Legal Advisor in the future. See "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for details.

Based on the above analysis and advice from our PRC Legal Advisor, and having considered the conclusion of consultation with relevant PRC government authorities during the consultations as mentioned above, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws. See "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for details.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company upon the [**REDACTED**], a waiver has been sought from and [has been granted] by the Stock Exchange. See "Connected Transactions" in this document for details.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

The Foreign Investment Law (2019)

The FIL 2019 replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》). See "Regulatory Overview—Regulations Relating to Foreign Investment" in this document for details.

Impact of FIL 2019 on Contractual Arrangements

The FIL 2019 defines the foreign investment as the investment activities directly or indirectly conducted by foreign investors in the PRC, and sets forth the specific situations that should be regarded as foreign investment. Furthermore, the FIL 2019 stipulates that foreign investment includes the investment made in the PRC by foreign investors through any other means under the laws, administrative regulations and provisions stipulated by the State Council. Our PRC Legal Advisor confirmed that the FIL 2019 does not specify contractual arrangements as a form of foreign investment.

In that regard, if there are no other promulgated national laws, administrative regulations, or regulatory requirements prohibiting or restricting the operation of or affecting the legality of contractual arrangements, the FIL 2019 will not have a material impact on the PRC Contractual Arrangements, and each of the agreements under the Contractual Arrangements and the legality and validity of the Contractual Arrangements would not be affected. See "Legality of the Contractual Arrangements" in this section for details. However, there are possibilities that future laws, regulations or provisions prescribed by the relevant PRC authorities may regard contractual arrangements as a form of foreign investment, at which time the Contractual Arrangements may be deemed to be in violation of the foreign investment access requirements. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for details.

In addition, there are uncertainties regarding the FIL 2019 including, among others, the relevant government authorities will have a broad discretion in interpreting the law and may ultimately take a view that is inconsistent with our understanding. See "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for further details. In any event, our Company will take reasonable steps in good faith to seek to comply with the FIL 2019.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of financial results of our Consolidated Affiliated Entity

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by Shanghai DAO, PPIO Shanghai will pay services fees to Shanghai DAO. On the premise of complying with the PRC law, to make up for the losses of previous years (if necessary) and after deducting the necessary costs, expenses and taxes required for business operation, PPIO Shanghai shall pay Shanghai DAO the total amount of the comprehensive pre-tax profit (i.e., the combined pre-tax profit of PPIO Shanghai and all its subsidiaries) without calculating the service fees under the Exclusive Business Cooperation Agreement Accordingly, Shanghai DAO has the ability, at its sole discretion, to receive all of the economic benefit of PPIO Shanghai and its subsidiaries through the Exclusive Business Cooperation Agreement.

In addition, under the Exclusive Business Cooperation Agreement and the Exclusive Option Agreement, Shanghai DAO has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of PPIO Shanghai as Shanghai DAO's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from PPIO Shanghai, the Registered Shareholders must notify Shanghai DAO in three business days and transfer such amount to Shanghai DAO or its designees free of charge.

As a result of these Contractual Arrangements, our Company has obtained control of PPIO Shanghai and its subsidiary through Shanghai DAO and, at our Company's sole discretion, can receive all of the economic interest returns generated by PPIO Shanghai and its subsidiary. Accordingly, PPIO Shanghai and its subsidiary's results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial statements.

In this regard, our Directors consider that our Company can consolidate the financial results of PPIO Shanghai and its subsidiary into our Group's financial information as if they were our Company's subsidiaries. The basis of consolidating the results of PPIO Shanghai and its subsidiary is disclosed in Notes 1 and 2.3 to the Accountants' Report in Appendix I to this document.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) as part of the internal control measures, major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(ii) our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and the confirmation from our independent non-executive Directors will be disclosed in our annual report;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential [**REDACTED**];

(iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding our status of compliance with the FIL 2019, and the latest regulatory development in relation with the FIL 2019;

(v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of PPIO Shanghai and its subsidiaries to deal with specific issues or matters arising from the Contractual Arrangements;

(vi) the company seals, financial seals, contract seals and crucial corporate certificates of PPIO Shanghai and its subsidiaries are kept by our Group's finance and legal departments, respectively. Any employee of our Group who wishes to use the seals will have to obtain internal approval from the head of the business, legal and/or finance department(s) (as the case may be) of our Group, as well as approval from relevant superior departments;

(vii) as the Contractual Arrangements will constitute continuing connected transactions of our Group upon [**REDACTED**], our Company has applied to the Stock Exchange, and the Stock Exchange [has granted] a waiver. See "Continuing Connected Transactions" in this document for details. Our Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given;

(viii) our Board (including the independent non-executive Directors) will ensure that PPIO Shanghai shall retain and continue to hold all relevant intellectual properties, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing its operating licenses and permits as required by relevant PRC government authorities, and going forward and to the extent permissible under PRC laws and regulations, Shanghai DAO or any other legally held member of our Group shall be the registered owner of any other newly developed trademarks which will be material to the business of our Group; and

(ix) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by owned subsidiaries of our Company without such arrangements in place.

In addition, notwithstanding that Mr. Wang is our executive Director and Ms. Lyu is our non-executive Director and the spouse of Mr. Yao, our executive Director, we believe that our Directors are able to perform their roles in our Group independently and our Group is capable of managing our business independently after the [**REDACTED**] under the following measures:

(i) the decision-making mechanism of our Board as set out in the Articles includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of our Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(ii) each of our Directors is aware of his/her fiduciary duties as a Director which requires, amongst other things, that he/she acts for the benefits and in the best interests of our Group;

(iii) we have appointed three independent non-executive Directors, comprising more than one-third of our Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and

(iv) we will disclose in our announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by our Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

OVERVIEW

Upon [**REDACTED**], our Board will consist of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets forth certain information in respect of our Directors:

Name	Age	Position	Roles and responsibilities	Time of joining our Group	Date of appointment as Director	Relationship with other Directors and senior management
Executive Directors						
Mr. Yao Xin 姚欣先生	44	Chairman, Chief Executive Officer, Executive Director	Overall strategic planning, business development and management of our Group	May 2018	May 2019 (re-designated as an executive Director in June 2025)	Spouse of Ms. Lyu
Mr. Wang Wenyu 王聞宇先生	42	Executive Director, Chief Technology Officer	Overall technology strategic planning and product development and innovation	May 2018	April 2021 (re-designated as an executive Director in June 2025)	N/A
Mr. Li Zhe 李哲先生	41	Executive Director, General Manager of China Market	Responsible for our business operation in China	March 2021	June 2025	N/A
Non-executive Director						
Ms. Lyu Shanshan 呂姍姍女士	44	Non-executive Director	Providing advice on the brand building and market development of our Group	June 2025	June 2025	Spouse of Mr. Yao

Name	Age	Position	Roles and responsibilities	Time of joining our Group	Date of appointment as Director	Relationship with other Directors and senior management
Independent non-executive Directors						
Ms. Ho Chui Ping Michelle 何翠萍女士	51	Proposed Independent non-executive Director	Supervising and providing independent judgement to our Board	[●]	[●]	N/A
Mr. Kong Jie 孔杰先生	49	Proposed Independent non-executive Director	Supervising and providing independent judgement to our Board	[●]	[●]	N/A
Dr. Yao Xi 姚希博士	45	Proposed Independent non-executive Director	Providing independent oversight and strategic guidance to our Board, ensuring sound corporate governance and objective decision-making	[●]	[●]	N/A

DIRECTORS

Executive Directors

Mr. Yao Xin (姚欣先生), aged 44, is our co-founder, Chairman, Chief Executive Officer and Director. He is responsible for overall strategic planning, business development, and management of our Group. He is the spouse of Ms. Lyu.

Mr. Yao is a visionary entrepreneur with over 20 years of experience in the internet industry. Prior to founding our Group, Mr. Yao founded and was the president of Shanghai Juli Media Technology Co., Ltd.* (上海聚力傳媒技術有限公司, "**Shanghai Juli**"), a digital media and streaming technology company from April 2005 to October 2016, where he built and led the company to become a leading Chinese video and TV streaming platform, PPTV. After leaving PPTV, Mr. Yao was a venture partner at Lanchi Investment Consulting (Shanghai) Co., Ltd.* (藍馳投資諮詢(上海)有限公司), an early-stage venture capital investment company from June 2016 to December 2018 where he was responsible for project due diligence, investment

and management. From August 2017 to August 2023, he served as an independent director of Nanjing OLO Home Furnishing Co., Ltd.* (南京我樂家居股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 603326).

Mr. Yao received his bachelor's degree in Computer Science and Technology from Huazhong University of Science and Technology* (華中科技大學) in June 2003.

Mr. Wang Wenyu (王聞宇先生), aged 42, is our co-founder, Chief Technology Officer and Director. He is responsible for overall technology strategic planning and product development and innovation.

Mr. Wang has over 20 years of experience in the information technology industry. Prior to founding of our Group, Mr. Wang co-founded Shanghai Juli with Mr. Yao in April 2005, the main product of which is Chinese video and TV streaming platform, PPTV, where Mr. Wang served as the chief architecture engineer. After leaving Shanghai Juli, Mr. Wang co-founded and served as the chief technology officer of Shanghai Jiache Information and Technology Co., Ltd.* (上海嘉車信息科技有限公司), the main product of which is Jidou Internet of Vehicles Smart Cockpit, where he was responsible for managing technology, research and development of intelligent vehicle.

Mr. Wang received a bachelor's degree in Computer Science and Technology from Huazhong University of Science and Technology (華中科技大學) in June 2005.

Mr. Li Zhe (李哲先生), aged 41, joined our Company in March 2021 and serves as our General Manager of China Market. He has been appointed as our executive Director in June 2025. He is responsible for our business operation in China.

Mr. Li has over 20 years of experience in financial and operation management. From August 2011 to July 2014, Mr. Li was the chief financial officer of Shanghai Juli. From July 2014 to August 2015, Mr. Li served as an investment director of Shanghai Fosun High Technology (Group) Co., Ltd.* (上海復星高科技(集團)有限公司). From October 2016 to May 2019, Mr. Li was the managing director of Yize Capital Management Co., Ltd.* (易澤資本管理有限公司), one of the shareholders of which is Mango Cultural Creative Equity Investment Fund (芒果文創股權投資基金), which was incorporated by means of sponsorship by Hunan Broadcasting System (湖南廣播電視台), which in turn is mainly responsible for the capital contribution from Mango Cultural Creative Equity Investment Fund. From June 2019 to March 2021, Mr. Li was the deputy general manager of Yize Wei Xin Investment Management (Wuxi) Co., Ltd.* (易澤惟新投資管理(無錫)有限公司).

Mr. Li received a bachelor's degree in Finance from Nanjing University (南京大學) in June 2005 and a master's degree in Business Administration from Shanghai University of Finance and Economics (上海財經大學) in January 2011.

Non-executive Director

Ms. Lyu Shanshan (呂姍姍女士), aged 44, is a non-executive Director of our company. She is responsible for providing advice on brand building and market development of our Group. She is the spouse of Mr. Yao.

Ms. Lyu has over 12 years of experience in brand building, trade marketing management, and customer business development at Procter & Gamble, a world-renowned consumer goods conglomerate. Since joining Procter & Gamble in 2010, she has held key roles in sales and trade marketing. Her responsibilities have included managing major retail accounts, developing go-to-market strategies, and driving in-store execution to optimize brand performance and customer development.

Ms. Lyu received a bachelor's degree in Computer Science and Technology from Huazhong University of Science and Technology (華中科技大學) in June 2003.

Independent Non-executive Directors

Ms. Ho Chui Ping Michelle (何翠萍女士), aged 51, is a proposed independent non-executive Director of our Company, whose appointment will be effective upon the [**REDACTED**]. She is responsible for supervising and providing independent judgement to our Board.

Ms. Ho has approximately 28 years of experience in media and public affairs. She has been the founder and chief executive officer of Yuan Yi Consulting Limited* (元意顧問有限公司), a consulting company providing strategies for corporations on communication and public administration since September 2023. From November 2017 to July 2023, she served at the HKSAR Government, where she first served as the Political Assistant to the Financial Secretary and was later appointed as Adviser to the Private Office of the Financial Secretary. From August 1996 to October 2017, she worked at Hong Kong Commercial Broadcasting Corporation Limited (香港商業廣播有限公司), where she hosted various financial and public affairs programs and last served as its deputy director of news and public affairs. From January 2013 to January 2016, Ms. Ho served in various leadership roles at the Hong Kong News Executives' Association (香港新聞行政人員協會), including secretary, vice-chairwoman, and chairwoman.

Ms. Ho received a bachelor's degree in Journalism from the School of Communication, Hong Kong Baptist University (香港浸會大學) in June 1996.

Mr. Kong Jie (孔杰先生), aged 49, is a proposed independent non-executive Director of our Company, whose appointment will be effective upon the [**REDACTED**]. He is responsible for supervising and providing independent judgement to our Board.

Mr. Kong has over 22 years of experience in strategic planning and corporate development. Since July 2024, he has served as the investment partner of Shanghai Mengxing Network Technology Co., Ltd.* (上海萌興網絡科技有限公司). From May 2002 to June 2024, Mr. Kong has successively served in multiple technology companies, including (i) Shanghai Huiyu Technology Co., Ltd.* (上海輝禹科技有限公司), a company principally engaged in application of artificial intelligence in audiovisual scenario from March 2021 to June 2024; (ii) Shanghai Xingai Network Technology Co., Ltd.* (上海星艾網絡科技有限公司), a company principally engaged in research and development of internet information service products from September 2017 to February 2021; (iii) Shanghai Jihao Investment Management Co., Ltd*. (上海濟浩投資管理有限公司), a company principally engaged in equity investment from May 2015 to September 2017; (iv) Synaptic Computer Systems (Shanghai) Co., Ltd.* (突觸計算機系統(上海)有限公司), from December 2007 to April 2015; (v) Shanghai Lansheng Information Technology Co., Ltd*. (上海覽勝信息技術有限公司) from October 2006 to December 2007; and (vi) Shanghai Lanri Information Technology Co., Ltd.* (上海藍日信息技術有限公司) from May 2002 to September 2006. From July 1996 to April 2002, Mr. Kong served as a manager of the import and storage department at Shanghai Atiec Technology IMP.& EXP. Co., Ltd.* (上海艾迪技術進出口有限公司), a trading company.

Mr. Kong received a bachelor's degree in Accounting from North China University of Technology (北方工業大學) in April 2001.

Dr. Yao Xi (姚希博士), aged 45, is a proposed independent non-executive Director of our Company, whose appointment will be effective upon the [**REDACTED**]. He is responsible for providing independent oversight and strategic guidance to the Board, ensuring sound corporate governance and objective decision-making.

With over 20 years of extensive experience spanning finance, auditing, risk management, and corporate governance, Dr. Yao has held progressively senior positions across multiple industries. Most recently, from July 2022 to January 2025, he served as an executive director at J.P. Morgan Private Bank in Hong Kong. Prior to this, from April 2021 to June 2022, he was the chief financial officer at Shenzhen Jetlink Technology Co., Ltd.* (深圳杰睿聯科技有限公司). During his tenure at Haier Group from June 2017 to February 2021, Dr. Yao held various key positions including the director of financial derivatives and markets where he managed Haier Group's derivative investments and Principal at the Global Risk Management and Research Centre; and concurrently served as CEO and Responsible Officer of HAI Smart Alpha Limited. Earlier in his career, Dr. Yao spent eleven years at Ernst & Young in Singapore and Beijing, serving as manager of audit department and ultimately serving as an executive director, specialising in auditing, compliance, and risk management.

Dr. Yao received a Doctorate in Business Administration from the Hong Kong Polytechnic University (香港理工大學) in September 2020. Since 2021, he has served as a Lecturer in the School of Accounting and Finance at the same university, where he teaches Corporate Risk Management for postgraduate degree students.

Each of our executive Directors also holds various managerial positions in our Group's subsidiaries and our Consolidated Affiliated Entities. Mr. Yao is the director of PPLabs HK and the executive director of both Shanghai DAO and PPIO Shanghai. Mr. Wang is the general manager of PPIO Shanghai and the general manager and director of Generative Era. Mr. Li Zhe is the finance officer of both PPIO Shanghai and Generative Era. Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; and (iii) did not hold any other directorships in listed companies in the three years prior to the date of this document.

Immediately following completion of the [**REDACTED**], save for the interests in the Shares which are disclosed in the sections headed "Substantial Shareholders" and "Appendix IV—Statutory and General Information" in this document, each of our Directors will not have any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 26, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the proposed independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

OTHER DISCLOSURE PURSUANT TO RULE 13.51(2) OF THE LISTING RULES

Some of our Directors were the director, supervisor or owner of companies or unincorporated businesses (as the case may be) prior to their dissolution, details of which are as below:

Name of Director	Name of company	Position	Place of establishment incorporation	Date of incorporation	Date of deregistration	Reason for deregistration
Mr. Yao	Ant Colony System Hongkong Limited	Director	Hong Kong	December 24, 2019	June 4, 2021	Cessation of business operations
Mr. Wang	Shanghai Wenhan Network Technology Center* (上海聞瀚網絡科技中心)	Owner	China	December 13, 2019	August 24, 2021	Cessation of business operations
Ms. Lyu	Shanghai Feina Brand Planning Partnership (Limited Partnership)* (上海飛娜品牌策劃合夥企業(有限合夥))	General Partner	China	May 30, 2018	January 22, 2020	Cessation of business operations
	Shanghai Yamu Catering Management Co., Ltd.* (上海雅牧餐飲管理有限公司)	Supervisor	China	May 27, 2017	April 26, 2020	Cessation of business operations
Mr. Kong Jie	Shanghai Xiangxing Information Technology Co., Ltd.* (上海向星信息技術有限公司)	Director	China	May 22, 2014	July 16, 2018	Cessation of business operations

The Directors have confirmed that the abovementioned companies or incorporated businesses were solvent immediately prior to their dissolution and there were no outstanding claims or liabilities.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Listing Rules.

SENIOR MANAGEMENT

The following table shows the key information of our senior management as at the date of this document:

Name	Age	Position	Roles and responsibilities	Time of joining our Group	Date of appointment as senior management member
Mr. Yao Xin 姚欣先生	44	Chairman, Chief Executive Officer, Executive Director	Overall strategic planning, business development and management of our Group	May 2018	May 2018
Mr. Wang Wenyu 王聞宇先生	42	Executive Director, Chief Technology Officer	Overall technology strategic planning and product development and innovation	May 2018	May 2018
Mr. Li Zhe 李哲先生	41	Executive Director, General Manager of China Market	Responsible for our business operation in China	March 2021	March 2021
Ms. Su Alice Jia 蘇佳女士	44	Chief Financial Officer	Responsible for financing and capital market operation	December 2024	December 2024
Ms. Wang Ting 汪婷女士	38	Head of Human Resources	Responsible for the human resources management and enterprise building of our Company	October 2021	October 2021
Ms. Chu Wan 初婉女士	34	Finance Director and Joint Company Secretary	Responsible for the finance management and compliance of our Group	July 2021	July 2021

Ms. Su Alice Jia (蘇佳女士), aged 44, is the Chief Financial Officer of our Company. She is responsible for financing and capital markets operations.

Ms. Su has over 20 years of experience in investment banking, private equity, consulting and corporate finance. From December 2020 to January 2024, she served as chief financial officer of Jiangsu Huoxinshi Technology Co., Ltd.* (江蘇火星石科技有限公司) (previously known as Jiangsu Niutron New Energy Technology Co., Ltd.* (江蘇牛創新能源科技有限公司), a new energy vehicle startup company. From November 2017 to August 2019, she was an investment banking director at China Renaissance (華興資本), a company listed on the Stock Exchange (Stock Code: 1911). From November 2016 to July 2017, she worked at Lufax, a company listed on the Stock Exchange (stock code: 6623) as deputy general manager of the investor relations and board office, responsible for the IPO process and capital markets activities. From August 2009 to November 2016, Ms. Su worked at Merrill Lynch (Asia Pacific) Limited, with her last position being a responsible officer for type 1, 4 and 6 SFC-licensed activities and director in global investment banking. She previously served as an investment analyst at the International Finance Corporation (IFC), the private equity arm of the The World Bank from July 2005 to May 2007, and as an associate consultant at Bain & Company from August 2003 to July 2005.

Ms. Su received a dual degree of Bachelor of Science in Economics majoring in Accounting and Finance from the Wharton School of Business, and Bachelor of Science in Engineering majoring in Electrical Engineering from the University of Pennsylvania in 2003, with magna cum laude honor for both degrees, and an MBA degree majoring in finance from The Wharton School of the University of Pennsylvania in 2009, where she was a Palmer Scholar (top 5% of the graduating class). Ms. Su is also a member of Eta Kappa Nu, the honor society of IEEE.

Ms. Wang Ting (汪婷女士), aged 38, is the Head of Human Resources of our Company. She is responsible for the human resources management and enterprise building of our Company.

Ms. Wang has over 16 years of experience in the human resources industry and has consecutively served in the human resources departments of various technology companies prior to joining us in 2021. From June 2018 to October 2021, she served at Yitu (Shanghai) Co., Ltd.* (上海依圖信息技術有限公司) and YITU Network Technology (Shanghai) Co., Ltd.* (上海依圖網絡科技有限公司), both being AI software companies under the same group. From July 2016 to June 2018, she worked at a Shanghai-based technology company specialising in the provision of technical services in the fields of computer information technology, network technology and electronic information technology. From October 2015 to April 2016, she served at SanDisk Semiconductor (Shanghai) Co., Ltd.* (晟碟半導體(上海)有限公司). From June 2010 to October 2015, Ms. Wang served as a recruiting manager and talent development manager of the Greater China region at General Electric (China) Co., Limited (通用電氣(中國)有限公司). From July 2008 to January 2010, she worked at Putzmeister Machinery (Shanghai) Co., Ltd.* (普茨邁斯特機械(上海)有限公司), a company principally engaged in machine manufacturing.

Ms. Wang received a bachelor of science degree in Applied Psychology from Shanghai Normal University (上海師範大學) in July 2008. Ms. Wang is a certified professional co-active coach (CPCC).

Ms. Chu Wan (初婉女士), aged 34, is the Finance Director and a joint company secretary of our Company. She is responsible for the finance management and compliance of our Group.

Ms. Chu has over 11 years of experience in finance, auditing, and capital markets. Since July 2021, she has been appointed as our Finance Director. Prior to joining our Group, from February to June 2021, she served as the finance director and board secretary at Nanjing Sanbaiyun Information Technology Co., Ltd.* (南京三百雲信息科技有限公司), a company principally engaged in provision of scenario-based artificial intelligence solutions and she was responsible for overseeing the daily operation of finance and securities affairs department and assisting capital markets related work. From February 2017 to January 2021, she worked as a senior project manager at Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司), a consultant company. Ms. Chu worked in Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所(特殊普通合夥)上海分所) from October 2013 to January 2017, with her last position being senior accountant.

Ms. Chu received a bachelor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in June 2013. Ms. Chu is a non-practicing member of the Chinese Institute of Certified Public Accountants.

JOINT COMPANY SECRETARIES

Ms. Chu Wan, aged 34, was appointed as our joint company secretary on June 17, 2025. For details of her background, see "—Directors and Senior Management—Senior Management" above.

Mr. Chow Shing Lung (鄒醒龍先生) was appointed as our joint company secretary on June 17, 2025. Mr. Chow has more than 14 years of work experience in the company secretarial and legal fields and is currently Assistant Vice President, Entity Solutions of Computershare Hong Kong Investor Services Limited ("**Computershare**"). Prior to joining Computershare, he was a legal counsel of the Hong Kong office of a major technology conglomerate.

Mr. Chow obtained a Graduate Diploma with Distinction in English and Hong Kong Law (Common Professional Examination) from the Manchester Metropolitan University and a Master of Corporate Governance degree from The Hong Kong Polytechnic University.

Mr. Chow was admitted as a solicitor of the High Court of Hong Kong. He is also an associate member of both The Hong Kong Chartered Governance Institute (previously known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom.

Pursuant to Rule 3.28 of the Listing Rules, an issuer must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have applied to the Stock Exchange for, and the Stock Exchange [has] granted, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules, with regards to the qualifications of company secretary. For further details of the waiver application, please see "Waivers and Exemptions from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Appointment of Joint Company Secretaries" in this document.

BOARD COMMITTEES

We have established three Board Committees in accordance with the relevant laws and regulations in mainland China, the Articles and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee. The functions of the three committees are summarized as follows:

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with paragraph D.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our audit committee are to provide an independent view of the effectiveness of our financial reporting, risk management and internal control systems, oversee our audit process, develop and review policies and perform other duties and responsibilities as assigned by our Board.

Our audit committee comprises three members, namely Dr. Yao Xi, Mr. Kong Jie and Ms. Ho Chui Ping Michelle. Dr. Yao Xi is the chairman of the audit committee, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration committee are to (i) establish, review and make recommendations to our Board on our policy and structure concerning remuneration of our Directors and senior

management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determine the terms of the specific remuneration package of each executive Director and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Our remuneration committee comprises three members, namely Mr. Kong Jie, Dr. Yao Xi, and Mr. Yao Xin. Mr. Kong Jie is the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules. The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and make recommendations regarding any proposed changes to its composition; (ii) identify, select or make recommendations to our Board on the selection of nominees for directorship; (iii) ensure the diversity of our Board; (iv) assess the independence of our independent non-executive Directors; (v) make recommendations to our Board on relevant matters relating to the appointment, re-appointment, removal and succession of our Directors; and (vi) support our Company's regular evaluation of the Board's performance.

Our nomination committee comprises three members, namely Mr. Yao Xin, Ms. Ho Chui Ping Michelle and Mr. Kong Jie. Mr. Yao Xin is the chairman of the nomination committee.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, research and development, sales and marketing, legal compliance and corporate finance. The ages of our Directors range from 41 years old to 51 years old, and we have both male and female representatives on the Board. Our nomination committee will review and assess the composition of the Board and make recommendations to

the Board on appointment of members of the Board. Meanwhile, our nomination committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members, in particular, members of our nomination committee, to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

COMPLIANCE ADVISOR

We have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance advisor upon the [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us when we consult our compliance advisor in the following circumstances:

(i) prior to the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including share issues and share repurchases;

(iii) where our Group proposes to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this document or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this document; and

(iv) when the Stock Exchange makes an inquiry of our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of the Shares.

The terms of appointment of the compliance advisor shall commence on the [**REDACTED**] and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix C1 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yao Xin is currently the chairman and chief executive officer of our Company. In view of the fact that Mr. Yao has been assuming the responsibilities in the overall management and supervision of the daily operations of our Group since May 2019, our Board believes that it is in the best interest of our Group to have Mr. Yao taking up both roles for effective management and operations.

Therefore, our Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, our Directors are of the view that our Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of our Board and the relevant Board committee, and there are three independent non-executive Directors on our Board offering independent perspective, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within our Board. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

Save as disclosed above, we expect to comply with the code provisions stated in the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules after the [**REDACTED**]. Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

REMUNERATION POLICY

The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, share-based payments, pension scheme contributions) for our Directors for each of the three years ended December 31, 2024 was approximately RMB1.9 million, RMB2.6 million and RMB3.8 million, respectively. There was no arrangement under which our Directors waived or agreed to waive any remuneration during the aforesaid periods.

For each of the three years ended December 31, 2024, the five highest paid individuals of our Company included one, two and two Directors, respectively. The aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonus, share-based payments, pension scheme contributions and termination benefits) paid to our Group's five highest remuneration individuals were approximately RMB4.3 million, RMB4.6 million and RMB5.5 million, respectively.

During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office.

Save as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

Under the [**REDACTED**] Global Share Plan, the eligible participants, including, among others, Directors and senior management of our Company may be granted options which entitle them to subscribe for Shares. Further details of the terms of the [**REDACTED**] Global Share Plan are summarized in Appendix IV—"Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan" to this document.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yao together with his spouse, Ms. Lyu, was collectively entitled to exercise voting rights attached to the Shares representing approximately 50.61% of the total issued share capital of our Company through Patty William, PP Future, Water Seven and Ant Colony (collectively as the "**Offshore Holding Companies**"). For further details relating to the Offshore Holding Companies, see "History, Development and Corporate Structure—Corporate Structure—Corporate Structure before the [**REDACTED**]" in this document.

Immediately following the completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares of our Company into Ordinary Shares of our Company on a one-to-one basis, the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options granted under the [**REDACTED**] Global Share Plan), Mr. Yao and Ms. Lyu through the Offshore Holding Companies, will be collectively entitled to exercise voting rights attached to the Shares representing approximately [**REDACTED**]% of the total issued share capital of our Company. Therefore, Mr. Yao, Ms. Lyu, the Offshore Holding Companies are considered as a group of Controlling Shareholders immediately following the completion of the [**REDACTED**].

Please see the section headed "Substantial Shareholders" for details of the shareholding interests of our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, none of the Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of seven Directors comprising three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Yao (our executive Director) and Ms. Lyu (our non-executive Director) are also our Controlling Shareholders. For details, please see the section headed "Directors and Senior Management."

Our Directors consider that our Board as a whole and members of the senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from the Controlling Shareholders and their close associates. We consider that the role of Mr. Yao and Ms. Lyu as our Controlling Shareholders will not materially impact each of their ability to discharge his/her duties of skill, care and diligence to our Group for the following reasons:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see "—Corporate Governance" in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Controlling Shareholders.

Operational Independence

Our Group is operationally independent from the Controlling Shareholders. Our Group (through our subsidiaries and Consolidated Affiliated Entities) holds all material licenses and owns all relevant intellectual properties necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are of the view that we are financially independent from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

1. our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or their associates, our Company will comply with the applicable Listing Rules;

2. where a Shareholders' meeting is to be held for considering proposed transactions in which a Controlling Shareholder or its associates have any material interest, the relevant Controlling Shareholder shall not vote on the resolutions and shall not be counted in the quorum for the voting;

3. our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in the section headed "Directors and Senior Management" individually and together possess the requisite knowledge and experience to perform their roles. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interest of our minority Shareholders;

4. where the advice from an independent professional, such as that from a financial advisor, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such an independent professional will be made at our Company's expenses; and

5. we have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority shareholders' rights after the [**REDACTED**].

OVERVIEW

We have entered into Contractual Arrangements with our connected persons and transactions contemplated thereunder will continue after the [**REDACTED**] and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

The table below sets forth certain parties who will become our connected persons upon [**REDACTED**] and the nature of their relationship with our Group:

Name of the connected person	Relationship with our Group
Ms. Lyu	Non-executive Director and spouse of our executive Director and chief executive officer and our Controlling Shareholder
Mr. Wang	Executive Director and our substantial shareholder

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transactions	Applicable Listing Rules	Waiver sought
Non-exempt Continuing Connected Transactions		
Contractual Arrangement	14A.35-36 14A.46 14A.49 14A.52-59 14A.105	Announcement, circular, independent Shareholders' approval, annual caps and terms of agreements not exceeding three years

CONTRACTUAL ARRANGEMENTS

Background

As disclosed in section headed "Contractual Arrangements" in this document, certain business of our Group carried out in the PRC by the Consolidated Affiliated Entities (the "**Relevant Business**") are subject to foreign investment prohibitions or restrictions on foreign ownership. Therefore, our Company, as a foreign investor, is prohibited or restricted from holding equity interest in Consolidated Affiliated Entities, which currently hold licenses required for carrying out our edge cloud and AI cloud services in the PRC. In order to conduct the Relevant Business in compliance with the applicable PRC laws and regulations, Shanghai DAO, our wholly-owned subsidiary, has entered into the Contractual Arrangements with PPIO Shanghai and the Registered Shareholders.

The Contractual Arrangements enable us to, among others, (i) receive substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by Shanghai DAO to them; (ii) exercise effective control over the Consolidated Affiliated Entities; and (iii) hold an exclusive option to acquire all or part of the equity interests and/or the assets of the Consolidated Affiliated Entities when and to the extent permitted by the PRC laws and regulations. For further details of the Contractual Arrangements, please see section headed "Contractual Arrangements" in this document.

Listing Rules implications

Given that the Registered Shareholders, namely Ms. Lyu and Mr. Wang, are connected persons of our Company, the transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company.

Our Directors (including the independent non-executive Directors) are of the view that (i) the Contractual Arrangements are fundamental to the legal structure and business of our Group; and (ii) the Contractual Arrangements are entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any other transactions, contracts and agreements related thereto or renewal of existing transactions, contracts and agreements to be entered into by, among others, and any other member of our Group on the other side (the "**Intragroup Transactions**") technically constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon [**REDACTED**], our Directors consider that, the Contractual Arrangements are fundamental to the legal structure and the business operation of our Group, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent Shareholders' approval requirements.

Waiver applications for the Contractual Arrangements

In respect of the Contractual Arrangements, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of (i) the announcement, circular and independent Shareholders' approval under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [**REDACTED**] on the Stock Exchange, subject to the following conditions:

(i) No change without independent non-executive Directors' approval

No change to any of the agreements constituting the Contractual Arrangements will be made without the approval of our independent non-executive Directors.

(ii) No change without independent Shareholders' approval

Save as described in paragraph (iv) below, no change to any of the agreements constituting the Contractual Arrangements will be made without the independent Shareholders' approval. Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (v) below) will continue to be applicable.

(iii) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the equity interests and/or the assets of the Consolidated Affiliated Entities at the minimum amount of consideration permitted under the applicable PRC laws, (ii) the business structure under which the profit generated by our Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Shanghai DAO by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

(iv) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated

as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

(v) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in the annual reports and accounts of our Company in accordance with the relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (1) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (2) no dividends or other distributions have been made by PPIO Shanghai to the Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group; and (3) any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities during the relevant financial period under paragraph (iv) above are fair and reasonable, or advantageous to our Shareholders and in the interests of our Company and our Shareholders as a whole.

- Our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by PPIO Shanghai to the Registered Shareholders which are not otherwise subsequently assigned or transferred to our Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our Consolidated Affiliated Entities will be treated as our wholly-owned subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- Our Consolidated Affiliated Entities undertake that, for so long as the Shares are [**REDACTED**] on the Stock Exchange, our Consolidated Affiliated Entities will provide the Group's management and our Company's reporting accountants' full access to its relevant records for the purpose of their review of the continuing connected transactions.

In addition, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of (i) the announcement, circular and independent shareholders' approval in respect of the transactions contemplated under any Intragroup Transactions (as defined above) pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions contemplated under any Intragroup Transactions under Rule 14A.53 of the Listing Rules; and (iii) limiting the term of any Intragroup Transactions to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [**REDACTED**] on the Stock Exchange. The waiver is subject to the conditions that the Contractual Arrangements subsist and that our Consolidated Affiliated Entities will continue to be treated as our subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entity and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements and the Intragroup Transactions, will be subject to requirements under Chapter 14A of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

Confirmation from our Directors

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein have been and will be entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Our Directors are of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of our Consolidated Affiliated Entities can be effectively controlled by Shanghai DAO; (ii) Shanghai DAO can continuously obtain the economic benefits derived from our Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

Confirmation from the Joint Sponsors

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above Contractual Arrangements; (ii) obtained necessary representations and confirmations from our Company and the Directors; (iii) participated in the due diligence and discussions with the management of our Group and our PRC Legal Advisor; and (iv) reviewed the legal opinion of our PRC Legal Advisor on the Contractual Arrangements; and the Joint Sponsors are of the view that the Contractual Arrangements and the transactions contemplated therein have been and will be entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

With respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, the Joint Sponsors are of the view that it is a justifiable and normal business practice to ensure that (i) the financials and operation of our Consolidated Affiliated Entities can be effectively controlled by Shanghai DAO; (ii) Shanghai DAO can obtain the economic benefits derived from our Consolidated Affiliated Entities; and (iii) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented on an uninterrupted basis.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares of our Company into Ordinary Shares of our Company on a one-to-one basis, the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options granted under the [**REDACTED**] Global Share Plan), have interests or short positions in our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group.

(a) Interests in the Shares of our Company

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date[1][2]		Shares held immediately following the completion of the [REDACTED][3]	
		Number	*Approximate Percentage*	*Number*	*Approximate Percentage*
Patty William[4]	Beneficial interest	450,000,000	28.52%	[REDACTED]	[REDACTED]%
PP Future[4]	Beneficial interest	180,000,000	11.41%	[REDACTED]	[REDACTED]%
Water Seven[4]	Beneficial interest	168,526,274	10.68%	[REDACTED]	[REDACTED]%
Ant Colony[4]	Interest in controlled corporation	348,526,274	22.09%	[REDACTED]	[REDACTED]%
TMF (Cayman) Ltd.[4]	Trustee	348,526,274	22.09%	[REDACTED]	[REDACTED]%
Ms. Lyu[4]	Interest in controlled corporation/spouse interest/interest in a trust	798,526,274	50.61%	[REDACTED]	[REDACTED]%
Mr. Yao[4]	Interest in controlled corporation/spouse interest/interest in a trust	798,526,274	50.61%	[REDACTED]	[REDACTED]%
Jaya Skypiea[5]	Beneficial interest	180,000,000	11.41%	[REDACTED]	[REDACTED]%
Mr. Wang[5]	Interest in controlled corporation	180,000,000	11.41%	[REDACTED]	[REDACTED]%
Millennium	Beneficial interest	99,067,060	6.28%	[REDACTED]	[REDACTED]%
BRV Aster	Beneficial interest	104,695,824	6.64%	[REDACTED]	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the assumption that all the Preferred Shares will be converted into Ordinary Shares on a one-to-one basis.

(3) The calculation is based on the assumption of full conversion of the Preferred Shares into Ordinary Shares on a one-to-one basis and the total number of issued shares after the [**REDACTED**] before the exercise of [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of any options granted under the [**REDACTED**] Global Share Plan).

(4) Ms. Lyu is the spouse of Mr. Yao. Under the SFO, Ms. Lyu and Mr. Yao are deemed to be interested in the Shares held by each other.

Patty William is wholly owned by Ms. Lyu. Thus, Ms. Lyu is deemed to be interested in the Shares held by Patty William under the SFO.

Each of PP Future and Water Seven is owned as to 99.00% by Ant Colony that is wholly owned by the Yao Family Trust with Mr. Yao and Ms. Lyu as beneficiaries and members of investment committee and protective committee and TMF (Cayman) Ltd. serving as the trustee. Therefore, TMF (Cayman) Ltd. is deemed to be interested in the Shares held by PP Future and Water Seven.

Based on the above, Mr. Yao and Ms. Lyu are deemed to be interested in the Shares held by Patty William, PP Future and Water Seven and are deemed to be interested in the Shares held by each other.

(5) Jaya Skypiea is wholly owned by Mr. Wang. Thus, Mr. Wang is deemed to be interested in the Shares held by Jaya Skypiea under the SFO.

Save as disclosed in this section and as mentioned in Appendix IV—"Statutory and General Information—3. Further Information about our Directors" and "4. Disclosure of Interests—A. Substantial Shareholders" of this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares into Ordinary Shares on a one-to-one basis and without taking into account any Shares may be issued pursuant to the exercise of the [**REDACTED**] and any option granted under the [**REDACTED**] Global Share Plan), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

Immediately before (i) the conversion of Preferred Shares of our Company, and (ii) the [**REDACTED**], the authorized and issued share capital of our Company is as follows:

Authorized share capital:

Number	Description of Share	Nominal value
		(US$)
4,232,292,820	Ordinary Shares of par value of US$0.00001 each	42,323
100,000,000	Series Angel-1 Preferred Shares of par value of US$0.00001 each	1,000
176,470,589	Series Angel-2 Preferred Shares of par value of US$0.00001 each	1,765
188,235,296	Series A Preferred Shares of par value of US$0.00001 each	1,882
152,114,596	Series A-1 Preferred Shares of par value of US$0.00001 each	1,521
80,278,129	Series A-2 Preferred Shares of par value of US$0.00001 each	803
70,608,570	Series B Preferred Shares of par value of US$0.00001 each	706
5,000,000,000	Total	50,000

Issued share capital:

Number	Description of Share	Nominal value
		(US$)
810,000,000	Ordinary Shares of par value of US$0.00001 each	8,100
100,000,000	Series Angel-1 Preferred Shares of par value of US$0.00001 each	1,000
176,470,589	Series Angel-2 Preferred Shares of par value of US$0.00001 each	1,765

Number	Description of Share	Nominal value
		(US$)
188,235,296	Series A Preferred Shares of par value of US$0.00001 each	1,882
152,114,596	Series A-1 Preferred Shares of par value of US$0.00001 each	1,521
80,278,129	Series A-2 Preferred Shares of par value of US$0.00001 each	803
70,608,570	Series B Preferred Shares of par value of US$0.00001 each	706
1,577,707,180	Total	15,777

Assuming the [**REDACTED**] is not exercised and no Shares are issued under the [**REDACTED**] Global Share Plan, the issued share capital of our Company immediately following the completion of the [**REDACTED**] will be as follows:

Number	Description of Share	Nominal value
		(US$)
[**REDACTED**]	Ordinary Shares in issue as of the date of this document	[**REDACTED**]
[**REDACTED**]	Ordinary Shares in issue pursuant to the full conversion of the Preferred Shares	[**REDACTED**]
[**REDACTED**]	Ordinary Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Total	[**REDACTED**]

Assuming the [**REDACTED**] is fully exercised and no Shares are issued under the [**REDACTED**] Global Share Plan, the issued share capital of our Company immediately following the completion of the [**REDACTED**] will be as follows:

Number	Description of Share	Nominal value
		(US$)
[**REDACTED**]	Ordinary Shares in issue as of the date of this document	[**REDACTED**]
[**REDACTED**]	Ordinary Shares in issue pursuant to the full conversion of the Preferred Shares	[**REDACTED**]
[**REDACTED**]	Ordinary Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Ordinary Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Total	[**REDACTED**]

ASSUMPTIONS

The above table assumes that the [**REDACTED**] becomes unconditional, the Preferred Shares are fully converted into Ordinary Shares on a one-to-one basis, and the issue of Shares pursuant to the [**REDACTED**] are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the options granted under the [**REDACTED**] Global Share Plan or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKINGS

The [**REDACTED**] will be Ordinary Shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this document and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total number of issued Shares of not more than the sum of:

(i) 20% of the total number of Shares (excluding treasury shares of the Company, if any) in issue immediately following the completion of the [**REDACTED**]; and

(ii) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the expiry of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in Appendix IV—"Statutory and General Information—1. Further Information about our Company—D. Resolutions of the Shareholders of our Company dated [●]" to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of not more than 10% of the total number of Shares (excluding treasury shares of the Company, if any) in issue immediately following the completion of the [**REDACTED**].

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are [**REDACTED**] (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in Appendix IV—"Statutory and General Information—1. Further Information about our Company—E. Repurchase of our Shares" to this document.

This general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the expiry of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Further information on this general mandate is set out in Appendix IV—"Statutory and General Information—1. Further Information about our Company—3. Resolutions of the Shareholders of the Company dated [●]" to this document.

[**REDACTED**] GLOBAL SHARE PLAN

We have adopted the [**REDACTED**] Global Share Plan. A summary of the principal terms of the [**REDACTED**] Global Share Plan is set out in Appendix IV—"Statutory and General Information—5. Share Option Schemes—A. [**REDACTED**] Global Share Plan".

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Upon [**REDACTED**], our Company shall have only one class of Shares, namely Ordinary Shares, each of which carries the same rights as the other shares.

As a matter of the Cayman Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in Appendix III—"Summary of the Constitution of the Company and Cayman Islands Company Law".

You should read the following discussion and analysis of our financial conditions and results of operations in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2022, 2023 and 2024 and the accompanying notes included in the Accountants' Report set out in Appendix I to this document. The Accountants' Report has been prepared in accordance with HKFRSs. Potential* [REDACTED] *should read the Accountants' Report set out in Appendix I to this document in its entirety and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, see "Risk Factors."

OVERVIEW

We are a leading independent distributed cloud computing service provider in China. According to CIC, we operate the largest computing power network in China in terms of the number of compute nodes as of December 31, 2024, and rank first among independent edge cloud computing services providers in China in terms of revenue in 2024.

Our business began in the area of edge cloud computing services, as we identified significant mismatches between massive demand for and scattered, often underutilized supply of computing power. We established a computing power scheduling platform to aggregate and manage idle computing power from heterogeneous sources and deploy it in an optimal fashion to customers to accelerate content delivery and enhance low-latency computing experience. In 2023, we strategically commenced AI cloud computing services, as the rapid growth of large-scale AI models spurred a surge in demand for GPU computing power as well as AI inference capabilities. Leveraging our global computing power network and underlying technical capabilities (such as distributed cloud computing and AI inference acceleration), we integrate computing resources globally and provide comprehensive solutions from basic cloud computing services to AI inference computing services, addressing diverse needs and preferences of our customers.

Our services include (1) edge cloud computing services, encompassing edge node services and edge CDN; and (2) AI cloud computing services, encompassing GPU cloud services and model APIs. During the Track Record Period, our revenue amounted to RMB286.1 million, RMB358.4 million and RMB558.0 million in 2022, 2023 and 2024, respectively. We incurred loss for the year of RMB85.0 million, RMB189.4 million and RMB293.5 million in 2022, 2023 and 2024, respectively. Our loss for the year in 2022, 2023 and 2024 was largely due to fair value losses on convertible redeemable preferred shares, our significant investments in research and development and service network expansion. Our adjusted net loss (excluding the effects of fair value losses on convertible redeemable preferred shares and share-based payment expenses), a non-HKFRS measure, amounted to RMB39.1 million, RMB37.1 million and RMB61.6 million in 2022, 2023 and 2024, respectively. For details, please refer to the paragraph headed "Non-HKFRS Measure" in this section.

BASIS OF PRESENTATION

Our historical financial information has been prepared on a consolidated basis. All intra-group transactions and balances have been eliminated on consolidation.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATION

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

Development of the industry in which we operate

We operate in a rapidly growing industry. Our business and results of operations are significantly affected by the development of the cloud computing industry, especially the market for distributed cloud computing services. Distributed cloud computing platform, with its flexible resource allocation and asset-light operating model, can effectively address the constraints of traditional IDCs and accordingly is experiencing explosive growth.

We have successfully captured, and we believe that we are well-positioned to continue to capture, various market opportunities brought by the development of the distributed cloud computing market. As a leading independent distributed cloud computing service provider in China, we operate the largest computing power network in China in terms of the number of compute nodes as of December 31, 2024, according to CIC. In 2022, 2023 and 2024, we recorded revenue of RMB286.1 million, RMB358.4 million and RMB558.0 million, respectively. During the Track Record Period, we generated substantially all of our revenue from our edge cloud computing services. We achieved the rapid growth along with the high speed development of edge cloud computing services market driven by the rising demand for real-time applications and surge in data generation, among others. The upward trend is expected to continue. According to CIC, China's market for edge cloud computing services is expected to grow from RMB13.2 billion in 2024 to RMB37.0 billion in 2029, at a CAGR of 22.9%.

Building on the edge cloud computing services provided by our computing network, we added GPU computing resources and introduced AI cloud computing services in response to the burgeoning growth of large-scale AI models, which spurred a surge in demand for GPU computing power as well as AI inference capabilities. We started to generate revenue from our AI cloud computing services in the second half of 2023 and recorded revenue of RMB0.3 million and RMB10.4 million in 2023 and 2024, respectively. We anticipate rapid growth in our AI cloud computing services, driven by the strong momentum in the market segment. According to CIC, the global market for AI cloud computing services is expected to grow from RMB31.5 billion in 2024 to RMB427.7 billion in 2029, at a CAGR of 68.5% from 2024 to 2029.

In addition, the global market for distributed cloud services has seen substantial growth in recent years. We are dedicated to seizing the opportunities arising from the ongoing expansion of overseas markets. Our strategy involves entering established and emerging markets to access untapped potential. Specifically, we intend to develop additional global compute nodes and collaborate with more computing power suppliers in these regions to bolster our resource-based competitive advantages.

Our ability to upgrade and expand our services and solutions and to compete effectively

Our business and results of operations depend on our ability to continuously refine and expand our service offerings to keep pace with rapid advancements in cloud computing, AI and edge technologies, while meeting the evolving needs of customers. During the Track Record Period, we established ourselves as a leading independent distributed cloud computing service provider in China by delivering edge cloud solutions that integrate dispersed, heterogeneous computing resources from third-party providers to meet our customers' needs for edge computing and transmission. This has allowed us to build a broad customer base across various industries, including pan-entertainment, social networking, e-commerce, education, automotive, telecommunications, information technology and intelligent manufacturing. Recognizing the growing demand for AI cloud computing services, we expanded into AI cloud computing services in 2023, aligning with broader industry trends toward distributed and specialized cloud infrastructure.

To maintain our competitive edge and market leadership, we must continue investing in R&D, including proprietary technologies and scalable infrastructure, while optimizing pricing strategies to balance affordability and profitability. The distributed cloud computing and AI cloud computing markets are growing, presenting opportunities to attract new customers through targeted expansions, such as in various AI application verticals, agentic AI and embodied AI. Strengthening partnerships with key industry players and enhancing service differentiation will be critical to improving our pricing power and customer retention. As competition intensifies from both established cloud providers and niche players, our ability to innovate and scale efficiently will determine our long-term success.

Our ability to continue to invest in technology innovation and talent acquisition

We believe investing in technological advancement and the recruitment of top-tier talent are fundamental drivers of our long-term success. Performance of our services and solutions have benefited greatly from our various self-developed technologies, such as the SDN@Edge intelligent three-layer network architecture and distributed inference acceleration technology, reflecting our commitment to research excellence. As of the Latest Practicable Date, we had 27 material patents and 33 material software copyrights in the PRC. Such innovations have not only increased operational efficiency but also strengthened our competitive edge in the rapidly evolving cloud and AI computing sectors. We have made significant investments in technology innovation. In 2022, 2023 and 2024, we incurred research and development expenses of RMB41.4 million, RMB67.8 million and RMB86.3 million, respectively, accounting for 14.5%, 18.9% and 15.5% of our revenue during the respective year. As we plan to continue to invest heavily in research and development and focus on innovations in order to remain competitive, we expect our research and development costs to increase in the future.

We also place strong emphasis on the recruitment of technology specialists and senior engineers with extensive experience in the industry. Our technological capabilities are built by our talented and dedicated research and development team. As of December 31, 2024, we had a team of 138 R&D professionals, representing approximately 67.6% of our total employees.

Our ability to effectively control our costs and expenses and improve operating efficiency

Our ability to effectively manage our costs while achieving expected business growth is critical to achieve profitability. A significant component of our cost of sales is computing resource costs. Our computing resource costs for edge cloud computing services were RMB223.8 million, RMB278.8 million and RMB448.6 million in 2022, 2023 and 2024, respectively, representing 78.2%, 77.8% and 80.4% of our revenue in the same years, respectively.

In addition, our business and results of operations are affected by our operating expense structure, which primarily consists of research and development expenses discussed above, selling and marketing expenses and administrative expenses. Our selling and marketing expenses were RMB18.5 million, RMB20.2 million and RMB25.8 million, in 2022, 2023 and 2024, respectively, representing 6.5%, 5.6% and 4.6% of our revenue in the same years, respectively. Our administrative expenses were RMB24.9 million, RMB25.3 million and RMB31.3 million, in 2022, 2023 and 2024, respectively, representing 8.7%, 7.1% and 5.6% of our revenue in the same years, respectively. Our selling and marketing expenses and administrative expenses increased during the Track Record Period, primarily due to the continued expansion of our business. Our selling and marketing expenses and administrative expenses decreased as a percentage of our revenue during the Track Record Period, reflecting our improved operational efficiency. Going forward, we expect to continue expanding our sales and marketing team, especially for our AI cloud computing services, and our administrative team to support our business growth, but we believe we can leverage our established network and accumulated operational experience to maintain such expenses at a relatively low level as a proportion of revenue.

MATERIAL ACCOUNTING INFORMATION AND ESTIMATES

Revenue Recognition

We mainly provide distributed cloud computing services, including edge computing services and AI cloud computing services. We recognize revenue from contracts with customers when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The nature of the performance obligation is a single performance obligation to be ready to provide integrated services throughout the contract period. We recognize revenue from the provision of cloud computing services over the scheduled period because the customer simultaneously receives and consumes the benefits provided by us. Revenue from cloud computing services is measured on a usage basis and is recognized over time. We use an output method to measure the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by us. We use monthly utilization records to recognize revenue over time. At the end of each month, the transaction consideration is fixed based on utilization records and hence no estimation of the transaction price during the Track Record Period is necessary.

Convertible Redeemable Preferred Shares

During the Track Record Period, we issued convertible redeemable preferred shares under the series Angel, series A, series A-1 and series A-2 rounds of [**REDACTED**] Investments, which are redeemable upon the occurrence of certain events. These convertible redeemable preferred shares can also be converted into the Ordinary Shares of the Company at the option of the holders, or automatically upon completion of the [**REDACTED**].

We designated these convertible redeemable preferred shares as financial liabilities at fair value through profit or loss and initially recognize them at fair value. Any directly attributable transaction costs are recognized as finance costs in the consolidated statements of profit or loss. Subsequent to initial recognition, these convertible redeemable preferred shares are carried at fair value with changes in fair value recognized in the consolidated statements of profit or loss, except for the portion attributable to own credit risk change that should be charged to other comprehensive income.

Research and Development Costs

All research costs are charged to the consolidated statements of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the value of such asset or cash-generating unit ("CGU") in use and its fair value less costs of disposal. The asset's recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset, such as a headquarters building, is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGU.

We recognize an impairment loss only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each year of the Track Record Period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication occurs, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. Such reversal will not be to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss, with line items in absolute amounts and as percentages of our revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)					
Revenue	286,074	100.0	358,385	100.0	558,037	100.0
Cost of sales	(239,914)	83.9	(294,868)	82.3	(489,190)	87.7
Gross profit	46,160	16.1	63,517	17.7	68,847	12.3
Other income and gains, net	7,432	2.6	9,231	2.6	7,475	1.3
Selling and marketing expenses	(18,476)	6.5	(20,178)	5.6	(25,836)	4.6
Administrative expenses	(24,871)	8.7	(25,333)	7.1	(31,273)	5.6
Research and development expenses	(41,366)	14.5	(67,783)	18.9	(86,346)	15.5
Other expenses	(9,035)	3.2	(2,901)	0.8	(2,973)	0.5
Finance costs	(674)	0.2	(882)	0.2	(1,656)	0.3
Fair value losses on convertible redeemable preferred shares	(44,137)	15.4	(145,048)	40.5	(221,750)	39.7
Loss before tax	(84,967)	29.7	(189,377)	52.8	(293,512)	52.6
Income tax expense	–	–	–	–	–	–
Loss for the year	(84,967)	29.7	(189,377)	52.8	(293,512)	52.6

NON-HKFRS MEASURE

To supplement our consolidated financial statements presented in accordance with HKFRS, we also use a non-HKFRS measure, namely adjusted net loss, as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net loss (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under HKFRS.

We define adjusted net loss (non-HKFRS measure) as loss for the year excluding the effects of fair value losses on convertible redeemable preferred shares and share-based payment expenses. Fair value losses on convertible redeemable preferred shares represent losses in the fair value of the convertible redeemable preferred shares issued by us to certain investors. The convertible redeemable preferred shares will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**] and we do not expect to recognize any further fair value losses on convertible redeemable preferred shares after the [**REDACTED**]. Share-based payment expenses are non-cash in nature and are employee related expenses arising from grant of share options under our share incentive scheme. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of our net loss to adjusted net loss (non-HKFRS measure) for the years indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Loss for the year	(84,967)	(189,377)	(293,512)
Adjusted for:			
Fair value losses on convertible redeemable preferred shares	(44,137)	(145,048)	(221,750)
Share-based payment expenses	(1,696)	(7,248)	(10,145)
Adjusted net loss (Non-HKFRS measure)	(39,134)	(37,081)	(61,617)

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated substantially all of our revenue from providing edge cloud computing services. The following table sets forth a breakdown of our revenue by service type for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Edge cloud computing services	286,074	100.0	358,120	99.9	547,650	98.1
– Edge node services	258,936	90.5	313,235	87.4	390,951	70.0
– Edge CDN	27,138	9.5	44,885	12.5	156,699	28.1
AI cloud computing services	–	–	265	0.1	10,387	1.9
Total	286,074	100.0	358,385	100.0	558,037	100.0

During the Track Record Period, revenue from our edge cloud computing services was derived from (i) edge node services and (ii) edge CDN.

Edge node services. We have established a widely distributed network of edge compute nodes and provide edge node services that could relocate computing power from central nodes to edge nodes closer to users, aimed at supporting scenarios such as edge storage, audio and video processing, video transcoding and distribution. We charge our edge node services based on actual usage and recognize the usage-based fees as revenue in the year in which the usage occurs. We use monthly utilization records to recognize revenue over time. In 2022, 2023 and 2024, revenue from our edge node services were RMB258.9 million, RMB313.2 million and RMB391.0 million respectively, representing approximately 90.5%, 87.4% and 70.0% of our revenue in the same years. The proportion of revenue from edge node services decreased over the Track Record Period due to the expansion of our other services offerings.

Edge CDN. Our edge CDN is built on an expansive network of edge nodes and draws on our expertise in intelligent scheduling, distributed caching and network transmission technologies. Similar to edge node services, we charge our edge CDN services based on resource use, data traffic and bandwidth actual usage and record usage-based fees as revenue in the year in which the usage occurs. In 2022, 2023 and 2024, revenue from our edge CDN was RMB27.1 million, RMB44.9 million and RMB156.7 million respectively, representing approximately 9.5%, 12.5% and 28.1% of our revenue in the same years. Our revenue from edge CDN increased both in absolute amount and as a percentage of our revenue, primarily as a result of the expansion of our service offering.

We also generated revenue from our AI cloud computing services in 2023 and 2024. Our AI cloud computing services consist of (i) GPU cloud services, which provide customers with access to powerful computing resources without the need to purchase physical GPUs or manage GPU servers; and (ii) model APIs, which are pre-built, ready-to-use models (which are mainly LLMs and multimodal models) that cater to customer who need AI technology but lack the capability to build, train or manage highly complicated AI models themselves. We charge GPU cloud services based on hours of usage and model API services based on actual consumption of tokens, number of images generated or the length of video generated. As a result of the expansion of our service offering and customer base, revenue from our AI cloud computing services increased significantly from RMB0.3 million to RMB10.4 million, representing approximately 0.1% and 1.9% of our revenue in the same years.

During the Track Record Period, we generated substantially all of our services in mainland China. The following table sets forth a breakdown of our revenue by region for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Mainland China	286,074	100.0	357,919	99.9	555,155	99.5
Other countries/regions	–	–	466	0.1	2,882	0.5
Total	286,074	100.0	358,385	100.0	558,037	100.0

Cost of Sales

Our cost of sales consists of the costs and expenses that are related to providing our services to our customers. During the Track Record Period, our cost of sales primarily consisted of (i) computing resource costs, primarily arising from an integrated set of services, such as server costs, electricity and maintenance costs, (ii) cloud service expenses, primarily involving fees for third-party cloud platforms providing computing, storage and certain built-in infrastructure services, (iii) depreciation costs primarily related to our own servers and equipment, (iv) employee salary and other benefits, primarily related to employees' salaries, bonuses, allowances and other benefits in kind and (v) server rental costs. The following table sets forth a breakdown of our cost of sales according to service lines for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Edge cloud computing services	239,914	100.0	294,361	99.8	468,928	95.9
AI cloud computing services	–	–	507	0.2	20,262	4.1
Total	239,914	100.0	294,868	100.0	489,190	100.0

The following table sets forth a breakdown of our cost of sales for our edge cloud computing services for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Computing resource costs	223,829	93.3	278,759	94.7	448,583	95.7
Cloud service expenses	5,575	2.3	5,042	1.7	10,200	2.2
Depreciation costs	5,230	2.2	6,346	2.2	6,689	1.4
Employee salary and other benefits	1,777	0.7	1,310	0.4	1,476	0.3
Server rental costs	3,314	1.4	1,175	0.4	327	0.1
Others	189	0.1	1,729	0.6	1,653	0.3
Total	239,914	100.0	294,361	100.0	468,928	100.0

The following table sets forth a breakdown of our cost of sales for our AI cloud computing services for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Computing resource costs	–	–	151	29.8	9,423	46.5
Cloud service expenses	–	–	356	70.2	3,868	19.1
Depreciation costs	–	–	–	–	6,971	34.4
Total	–	–	507	100.0	20,262	100.0

Gross Profit and Gross Profit Margin

We recorded a gross profit of RMB46.2 million, RMB63.5 million, RMB68.8 million in 2022, 2023 and 2024, respectively, with a gross profit margin of 16.1%, 17.7% and 12.3%, respectively. During the Track Record Period, our gross profit and gross profit margin were mainly affected by our edge cloud computing services. Our AI cloud computing services recorded gross loss during the Track Record Period, mainly because we were in the early stages of development for this service line and incurred set up costs relating to servers and other computing resources, while the related revenue was relatively limited as we were still in the process of expanding our service offerings and establishing market recognition, in preparation for future expansion.

The following table sets forth our gross profit and gross profit margin for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Gross profit						
Edge cloud computing services	46,160	16.1	63,759	17.8	78,722	14.4
AI cloud computing services	–	–	(242)	(91.3)	(9,875)	(95.1)
Total	46,160	16.1	63,517	17.7	68,847	12.3

Other Income and Gains, Net

Other income and gains consists primarily of (i) investment income from financial assets at fair value through profit or loss ("FVTPL"), (ii) government grants, (iii) bank interest income, (iv) gains from financial assets at FVTPL, primarily consisting of unrealized investment income from wealth management products and (v) other miscellaneous items. The following table sets forth a breakdown of the components of our other income for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Other Income						
Investment income from financial assets at FVTPL	4,301	57.9	4,099	44.4	2,677	35.8
Government grants	1,512	20.3	1,474	16.0	2,003	26.8
Bank interest income	814	11.0	2,076	22.5	1,570	21.0
Gains						
Gains from financial assets at FVTPL	542	7.3	1,468	15.9	862	11.5
Others	263	3.5	114	1.2	363	4.9
Total	7,432	100.0	9,231	100.0	7,475	100.0

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee salary and other benefits, (ii) share-based payment expenses, (iii) testing expenses related to service testing we offered to potential customers, (iv) travel expenses, (v) office rental expenses, (vi) advertising and marketing expenses and (vii) other miscellaneous items. Our selling and marketing expenses accounted for 6.5%, 5.6% and 4.6% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the major components of our selling and marketing expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee salary and other benefits	15,357	83.1	15,039	74.5	17,088	66.1
Share-based payment expenses	384	2.1	1,836	9.1	3,695	14.3
Testing expenses	904	4.9	817	4.0	1,238	4.8
Travel expenses	586	3.2	1,197	5.9	1,085	4.2
Office rental expenses	610	3.3	565	2.8	971	3.8
Advertising and marketing expenses	25	0.1	94	0.5	653	2.5
Others	610	3.3	630	3.2	1,106	4.3
Total	18,476	100.0	20,178	100.0	25,836	100.0

Administrative Expenses

Our administrative expenses primarily consist of (i) employee salary and other benefits, (ii) office rental expenses, (iii) share-based payment expenses, (iv) professional service fees such as legal, auditing and recruiting services, (v) travel expenses, (vi) office expenses, (vii) depreciation of fixed assets and (viii) other miscellaneous items, such as entertainment expenses, utilities and urban transportation fees. Our administrative expenses accounted for 8.7%, 7.1% and 5.6% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the components of our administrative expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee salary and other benefits	14,469	58.2	15,774	62.3	17,838	57.0
Office rental expenses	966	3.9	798	3.2	1,432	4.6
Share-based payment expenses	592	2.4	2,491	9.8	3,213	10.3
Professional service fees	4,391	17.7	2,387	9.4	3,593	11.5
Travel expenses	159	0.6	675	2.7	1,065	3.4
Office expenses	936	3.8	750	3.0	980	3.1
Depreciation of fixed assets	865	3.5	713	2.8	353	1.1
Others	2,493	9.9	1,745	6.8	2,799	9.0
Total	24,871	100.0	25,333	100.0	31,273	100.0

Research and Development Expenses

Research and development expenses consists primarily of (i) employee salary and other benefits, (ii) share-based payment expenses, (iii) depreciation of fixed assets, (iv) testing expenses, primarily including technology and software service fees and system maintenance fees and (v) other miscellaneous items, such as travel and office expenses, amortization of intangible assets and training expenses. Our research and development costs accounted for 14.5%, 18.9% and 15.5% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the components of our research and development expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee salary and other benefits	33,475	80.9	54,851	80.9	71,617	82.9
Share-based payment expenses	720	1.7	2,921	4.3	3,237	3.7
Depreciation of fixed assets	2,320	5.6	2,966	4.4	3,182	3.7
Testing expenses	914	2.2	1,093	1.6	2,417	2.8
Others	3,937	9.6	5,952	8.8	5,893	6.9
Total	41,366	100.0	67,783	100.0	86,346	100.0

Other Expenses

Our other expenses include exchange losses, loss from disposal of assets and donations. We recorded other expenses of RMB9.0 million, RMB2.9 million and RMB3.0 million in 2022, 2023 and 2024, respectively.

Finance Costs

Our finance costs consist of interest on bank loans and interest on lease liabilities. Our finance cost amounted to RMB0.7 million, RMB0.9 million and RMB1.7 million in 2022, 2023 and 2024, respectively.

Fair Value Losses on Convertible Redeemable Preferred Shares

We recorded fair value losses on convertible redeemable preferred shares of RMB44.1 million, RMB145.0 million and RMB221.8 million in 2022, 2023 and 2024, respectively. Such amounts reflected losses in the fair value of our convertible redeemable preferred shares issued pursuant to certain financing agreements that we entered into with certain [**REDACTED**] Investors.

Income Tax Expense

We recorded nil income tax expense during the Track Record Period. See note 10 to the Accountants' Report in Appendix I to this document for the reconciliation of the tax expense applicable to our loss before tax using the statutory rate to the tax expense at the effective tax rate.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities, and we did not have any outstanding or potential disputes with such tax authorities.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in mainland China, the Cayman Islands, Hong Kong and Singapore.

Mainland China

Our subsidiaries incorporated in China are subject to entity income tax at the statutory rate of 25.0% on the taxable profits determined in accordance with the relevant laws and regulations. During the Track Record Period, certain subsidiary within our Group was entitled to preferential income tax rates of 15.0%, as a high and new technology enterprise pursuant to the relevant tax regulations.

Cayman Islands

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and exempted from the payment of Cayman Islands income tax.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period. No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

Singapore

Our subsidiary incorporated in Singapore is subject to Singaporean tax at the rate of 17.0%. No provision for Singapore profits tax has been made as we had no assessable profits derived from or earned in Singapore during the Track Record Period.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB85.0 million, RMB189.4 million and RMB293.5 million in 2022, 2023 and 2024, respectively.

Total Comprehensive Loss for the Year

We recorded total comprehensive loss of RMB108.3 million, RMB195.8 million and RMB302.1 million in 2022, 2023 and 2024, respectively. The differences between the loss for the year and the total comprehensive loss for the year was mainly due to the exchange differences on translation.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 55.7% from RMB358.4 million in 2023 to RMB558.0 million in 2024, primarily driven by an increase in revenue from our edge cloud computing services from RMB358.1 million in 2023 to RMB547.7 million in 2024. The growth in this service line resulted from enhanced resource allocation, as well as stronger demand from key customers, particularly for our edge CDN services. The revenue contribution from our edge CDN services increased from RMB44.9 million in 2023 to RMB156.7 million in 2024. Additionally, revenue from our AI cloud computing services increased significantly from RMB0.3 million in 2023 to RMB10.4 million in 2024. This growth reflects the service line's transition from its launch in

the second half of 2023 to its early-stage development, marked by an expanding service offering and a growing customer base. The number of registered developers of our AI cloud computing services increased from 12,112 as of December 31, 2023 to 125,545 as of December 31, 2024.

Cost of Sales

Our cost of sales increased by 65.9% from RMB294.9 million in 2023 to RMB489.2 million in 2024, primarily reflecting the increase in costs of our edge cloud computing services, especially the computing resource costs and cloud service expenses, which were usage-based and increased as our business expanded. The increase in our cost of sales was also attributable to an increase in costs of our AI cloud computing services of RMB19.8 million, as our service line expanded and incurred more computing resource and cloud service-related costs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 8.4% from RMB63.5 million in 2023 to RMB68.8 million in 2024. Our overall gross profit margin decreased from 17.7% in 2023 to 12.3% in 2024, primarily due to the decrease in gross profit margin of our edge cloud computing services as the price of our services gradually returned to a normal level from a relatively high level during the COVID-19 pandemic due to elevated demand and limited supply at the same time. The decrease in our overall gross profit margin was also attributable to a negative margin of our AI cloud computing services given this business is at a very early stage of development, as we expanded our service offering and incurred more costs for computing resources in preparation for future expansion.

Other Income and Gains, Net

Our other income and gains decreased by 19.0% from RMB9.2 million in 2023 to RMB7.5 million in 2024, primarily due to decreases in investment income from financial assets at FVTPL and gains from financial assets at FVTPL, reflecting decreased income and unrealized gain from wealth management products primarily due to the decrease in the amount of such products purchased in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 28.0% from RMB20.2 million in 2023 to RMB25.8 million in 2024, primarily reflecting increases in (i) our employee salary and other benefits of RMB2.0 million, as a result of the expansion of our sales and marketing team for promoting our services; and (ii) our share-based payment expenses of RMB1.9 million.

Administrative Expenses

Our administrative expenses increased by 23.4% from RMB25.3 million in 2023 to RMB31.3 million in 2024, primarily reflecting increases in (i) our employee salary and other benefits of RMB2.1 million, as a result of an increase in the number of administrative personnel to support our overall business expansion; (ii) professional service fees of RMB1.2 million as we engaged more services related to intellectual property registration in 2024; and (iii) our share-based payment expenses of RMB0.7 million.

Research and Development Expenses

Our research and development costs increased by 27.4% from RMB67.8 million in 2023 to RMB86.3 million in 2024, primarily reflecting increases in (i) our employee salary and other benefits of RMB16.8 million, primarily as a result of an increase in the number of research and development related personnel for our AI cloud computing services; and (ii) testing expenses of RMB1.3 million related to testing and hosting new large-scale AI models and AI inference acceleration technologies for our AI cloud computing services in 2024.

Other Expenses

Our other expenses remained relatively stable at RMB2.9 million and RMB3.0 million in 2023 and 2024, respectively.

Finance Costs

Our finance costs increased 87.8% from RMB0.9 million in 2023 to RMB1.7 million in 2024, primarily due to an increase in interest on bank loans of RMB0.9 million.

Fair value losses on convertible redeemable preferred shares

Our fair value losses on convertible redeemable preferred shares increased by 52.9% from RMB145.0 million in 2023 to RMB221.8 million in 2024, primarily due to the increase in the valuation of our convertible redeemable preferred shares as our business continued to grow. As such preferred shares were recorded as financial liabilities, this higher fair value is recorded as a loss in our consolidated statements of profit or loss and other comprehensive income because it represented an increase in the liability owed to the holders of such preferred shares. The convertible redeemable preferred shares will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**] and we do not expect to recognize any further fair value losses on convertible redeemable preferred shares after the [**REDACTED**].

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB189.4 million in 2023 and a loss of RMB293.5 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 25.3% from RMB286.1 million in 2022 to RMB358.4 million in 2023, primarily driven by increase in revenue from our edge cloud computing services from RMB286.1 million in 2022 to RMB358.1 million in 2023. Such increase was primarily attributable to (i) increased demand from key customers for our edge cloud computing services due to our elevated market recognition; and (ii) expanded service offering of our edge CDN. The revenue contribution from our edge CDN services increased from RMB27.1 million in 2022 to RMB44.9 million in 2023.

Cost of Sales

Our cost of sales increased by 22.9% from RMB239.9 million in 2022 to RMB294.9 million in 2023, primarily driven by the increase in our computing resource costs, which was usage-based and increased as our business expanded.

Gross Profit and Gross Profit Margin

Our gross profit increased by 37.6% from RMB46.2 million in 2022 to RMB63.5 million in 2023. Our overall gross profit margin increased from 16.1% in 2022 to 17.7% in 2023, reflecting increased margin of our edge cloud computing services, as we benefited from residual effect from the COVID-19 pandemic period when the price of our services was at a relatively high level as demand from customers significantly exceeded supply.

Other Income and Gains, Net

Our other income and gains increased by 24.2% from RMB7.4 million in 2022 to RMB9.2 million in 2023, primarily driven by increases in bank interest income and gains from financial assets at fair value through profit or loss.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 9.2% from RMB18.5 million in 2022 to RMB20.2 million in 2023, primarily reflecting an increase in our share-based payment expenses of RMB1.5 million, as certain share options were granted in the fourth quarter of 2022. As such, these share options were amortized for a longer period in 2023 than 2022, resulting in an increased amortized share-based payment expenses in 2023.

Administrative Expenses

Our administrative expenses increased by 1.9% from RMB24.9 million in 2022 to RMB25.3 million in 2023, primarily reflecting an increase in (i) our share-based payment expenses of RMB1.9 million as certain share options were granted in the fourth quarter of 2022, resulting in an increased amortized share-based payment expenses in 2023; and (ii) our employee salary and other benefits of RMB1.3 million as a result of an increase in the salary level of administrative personnel, which was partially offset by a decrease in professional service fees of RMB2.0 million.

Research and Development Expenses

Our research and development costs increased by 63.9% from RMB41.4 million in 2022 to RMB67.8 million in 2023, primarily driven by the increases in (i) our employee salary and other benefits of RMB21.4 million, primarily as a result of an increase in the number of research and development related personnel for our AI cloud computing services, who typically have relatively high salary levels; and (ii) our share-based payment expenses of RMB2.2 million.

Other Expenses

Our other expenses decreased by 67.9% from RMB9.0 million in 2022 to RMB2.9 million in 2023, primarily due to decreased exchange loss, as the volatility of USD to RMB exchange rate decreased in 2023.

Finance Costs

Our finance costs increased by 30.9% from RMB0.7 million in 2022 to RMB0.9 million in 2023, primarily due to an increase in interest on bank loans.

Fair value losses on convertible redeemable preferred shares

Our fair value losses on convertible redeemable preferred shares increased by 228.6% from RMB44.1 million in 2022 to RMB145.0 million in 2023, primarily due to increase in the valuation of our convertible redeemable preferred shares as our business continued to grow.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB85.0 million in 2022 and a loss of RMB189.4 million in 2023.

DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	16,707	30,381	39,277
Right-of-use assets	10,144	2,980	2,460
Other intangible assets	938	915	808
Prepayments, other receivables and other assets	1,416	1,142	–
Total non-current assets	29,205	35,418	42,545
Current assets			
Trade receivables	72,594	90,862	150,130
Prepayments, other receivables and other assets	774	25,456	28,113
Financial assets at FVTPL	103,347	90,471	16,765
Time deposits	28,909	68,952	36,019
Pledged deposits	–	1,529	17,638
Cash and cash equivalents	109,054	45,772	113,987
Total current assets	314,678	323,042	362,652
Current liabilities			
Trade and bills payables	27,337	35,383	95,352
Convertible redeemable preferred shares	507,540	662,414	895,692
Other payables and accruals	11,493	17,633	33,467
Lease liabilities	7,469	2,834	2,535
Interest-bearing bank borrowings	1,000	43,500	74,000
Total current liabilities	554,839	761,764	1,101,046
Net current liabilities	240,161	438,722	738,394
Non-current liabilities			
Lease liabilities	4,433	613	–
Total non-current liabilities	4,433	613	–
Net liabilities	215,389	403,917	695,849

Property, Plant and Equipment

Our property, plant and equipment consist of (i) electronic equipment, (ii) office equipment and others and (iii) leasehold improvements.

The following table sets forth the key components of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Electronic equipment	15,671	30,007	39,243
Office equipment and others	78	55	34
Leasehold improvements	958	319	–
Total	16,707	30,381	39,277

Our property, plant and equipment increased from RMB16.7 million as of December 31, 2022 to RMB30.4 million as of December 31, 2023, further increased to RMB39.3 million as of December 31, 2024, primarily because we acquired more computing resources and other electronic equipment for our AI cloud computing services and research and development needs.

Right-of-use Assets

Our right-of-use assets consist of (i) buildings and (ii) electronic equipment. Our right-of-use assets decreased from RMB10.1 million as of December 31, 2022 to RMB3.0 million as of December 31, 2023, and further to RMB2.5 million as of December 31, 2024, primarily due to (i) the depreciation charges during the relevant year and (ii) the termination of leases for certain servers in 2023 as we no longer needed to lease those servers.

Trade Receivables

Trade receivables represent outstanding amounts due from our customers for our services performed in the ordinary course of business.

Our trade receivables increased from RMB72.6 million as of December 31, 2022 to RMB90.9 million as of December 31, 2023, and further increased to RMB150.1 million as of December 31, 2024, primarily due to the expansion of our business and the increase in our revenue from edge cloud computing services. We generally grant a credit term of one to three months to our customers of our edge cloud computing services. For our AI cloud computing services, we typically require prepayment by our customers and grant a credit term of one to two months to certain large customers.

The following table sets forth an aging analysis of our trade receivables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	72,594	90,862	150,130
	72,594	90,862	150,130

We maintain strict control over our outstanding receivables and have a credit control team to minimise credit risk. Overdue balances are reviewed regularly by our management. For the years ended December 31, 2022, 2023 and 2024, considering no historical debtor default events occurred and the minimal impact of the looking-forward adjustment, we believe that the expected loss rate and expected credit losses are minimal.

The following table sets forth our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days[(1)]	90	83	79

Note:

(1) Calculated based on the average of the beginning and ending trade receivables balances divided by revenue for the relevant year and multiplied by 365.

Our trade receivables turnover days decreased from 90 days in 2022 to 83 days in 2023 and 79 days in 2024, as we maintained strict control over our trade receivables and enhanced our effort to settle such receivables within the credit terms we grant our customers.

As of the Latest Practicable Date, RMB150.1 million, or 100.0%, of our total trade receivables as of December 31, 2024 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

The current portion of our prepayments, other receivables and other assets consist of (i) loan to a related party, (ii) deposits and other receivables, (iii) prepayments to suppliers and (iv) value-added tax recoverable. The non-current portion of our prepayments, other receivables and other assets consist of (i) prepayments for long-term assets and (ii) rental deposits.

The following table sets forth the key components of our prepayments, other receivables and other assets as of the dates indicated.

	As at December 31,		
	2022	2023	2024
	(RMB in thousands)		
Current Portion:			
Loan to a related party	–	23,000	23,736
Deposits and other receivables	468	675	3,448
Prepayments to suppliers	219	1,492	686
Value-added tax recoverable	87	289	243
Subtotal	774	25,456	28,113
Non-current Portion:			
Prepayments for long-term assets	127	–	–
Rental deposits	1,289	1,142	–
Subtotal	1,416	1,142	–
Total	2,190	26,598	28,113

Our prepayments, other receivables and other assets increased significantly from RMB2.2 million as of December 31, 2022 to RMB26.6 million as of December 31, 2023, primarily reflecting a loan that we provided to a related party of RMB23.0 million at an annual interest rate of 3.2%, aiming to optimize the use of available cash and generate interest income. The loan and accrued interest were fully settled in January 2025. Our prepayments, other receivables and other assets stayed relatively stable at RMB28.1 million as of December 31, 2024.

Financial Assets at FVTPL

Our financial assets at FVTPL represent wealth management products provided by reputable asset management companies and commercial banks. Our financial assets at FVTPL decreased from RMB103.3 million as of December 31, 2022 to RMB90.5 million as of December 31, 2023, and further decreased to RMB16.8 million as of December 31, 2024, as we redeemed the wealth management products upon their maturity and reduced purchase of such products.

We monitor and control the investment risks associated with our portfolio with a comprehensive set of internal policies and guidelines. To control our risk exposure, we generally invest in relatively low-risk financial products while ensuring sufficient working capital to meet business needs, operating activities, R&D and capital expenditures, taking into account a number of factors including the general market conditions, risk control, credit of the issuing financial institution, our own working capital conditions, duration of the investment and the expected return from the investment. Our finance department proposes, analyzes and

evaluates potential investments in wealth management products, benchmarking these products against the interest rates of bank financial products available on the market. The purchase of relevant wealth management products is subject to the necessary approvals from our chief financial officer before any investment.

Pledged Deposits

We recorded pledged deposits of nil, RMB1.5 million and RMB17.6 million as of December 31, 2022, 2023 and 2024, respectively. Our pledged deposits primarily reflect our deposits at banks as security to guarantee the settlement of bills we issued to suppliers.

Trade and Bills Payables

Our trade and bills payables increased from RMB27.3 million as of December 31, 2022 to RMB35.4 million as of December 31, 2023, and further increased to RMB95.4 million as of December 31, 2024, primarily driven by (i) the expansion of our business and (ii) increased bill settlement between us and certain suppliers, which typically entail longer settlement periods. During the Track Record Period, our suppliers typically granted us a credit term of within 45 days for our trade payables and 180 days for our bills payables.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 1 year	27,337	35,383	95,352
Total	27,337	35,383	95,352

The following table sets forth the turnover days of our trade and bills payables for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade and bill payables turnover days[(1)]	37	39	49

Note:

(1) Calculated based on the average of the beginning and ending trade and bills payables balances, divided by cost of sales for the relevant year, multiplied by the 365.

Our trade and bills payables turnover days stayed relatively stable at 37 days in 2022 and 39 days in 2023, and increased to 49 days in 2024, primarily as a result of increased use of bill settlement between us and certain suppliers, which typically entail longer settlement periods.

As of the Latest Practicable Date, RMB93.1 million, or approximately 97.6%, of our trade and bill payables as of December 31, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) other payables, (ii) loan from a related party, (iii) tax payables and (iv) accrued salaries, wages and benefits. The following table sets forth the key components of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Other payables	44	390	1,249
Loan from a related party	–	2,103	2,700
Tax payables	1,392	761	2,627
Accrued salaries, wages and benefits	10,057	14,379	26,891
Total	11,493	17,633	33,467

Our other payables and accruals rose from RMB11.5 million as of December 31, 2022 to RMB17.6 million as of December 31, 2023 and RMB33.5 million as of December 31, 2024, mainly due to higher accrued salaries, wages and benefits as we expanded our business, particularly in AI cloud computing, which led to increases in the number of our employees and their salary levels and bonuses. The increase in our other payables and accruals from December 31, 2022 to December 31, 2023 was also attributable to loan from a related party of RMB2.1 million, which was non-trade in nature and non-interest bearing. The amount was fully settled in March 2025.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, equity financing and bank borrowings. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We had cash and cash equivalents of RMB109.1 million, RMB45.8 million and RMB114.0 million as of December 31, 2022, 2023 and 2024, respectively.

Cash Flows

The following table sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Operating cash flows before movements in working capital	(20,083)	(26,193)	(40,339)
Changes in working capital	(24,983)	(9,249)	(961)
Cash used in operations	(45,066)	(35,442)	(41,300)
Net cash flows used in operating activities	(45,066)	(35,442)	(41,300)
Net cash flows generated from/(used in) investing activities	17,383	(66,428)	83,987
Net cash flows generated from financing activities	107,458	37,585	24,824
Net increase/(decrease) in cash and cash equivalents	79,775	(64,285)	67,511
Cash and cash equivalents at the beginning of the year	20,373	109,054	45,772
Effect of foreign exchange rate changes	8,906	1,003	704
Cash and cash equivalents at the end of the year	109,054	45,772	113,987

Net Cash Flows Used In Operating Activities

Our net cash used in operating activities primarily represented our loss before tax for the years adjusted by: (i) non-cash and non-operating items; and (ii) changes in working capital.

In 2024, our net cash used in operating activities was RMB41.3 million, which was primarily attributed to (i) our loss before tax of RMB293.5 million, as adjusted by non-cash and non-operating items, primarily consists of fair value losses on convertible redeemable preferred shares of RMB221.8 million and depreciation of property, plant and equipment of RMB17.2 million; and (ii) changes in working capital, which primarily consist of (a) increase in trade and bill payables of RMB60.0 million and (b) increase in other payables and accruals of RMB15.2 million, partially offset by increase in trade receivables of RMB59.3 million.

In 2023, our net cash used in operating activities was RMB35.4 million, which was primarily attributed to (i) our loss before tax of RMB189.4 million, as adjusted by non-cash and non-operating items, primarily consisting of fair value losses on convertible redeemable preferred shares of RMB145.0 million and depreciation of property, plant and equipment of RMB10.0 million; and (ii) changes in working capital, which primarily consist of (a) increase in pledged deposits of RMB1.5 million and (b) increase in trade receivables of RMB18.3 million, partially offset by increase in trade and bill payables of RMB8.0 million.

In 2022, our net cash used in operating activities was RMB45.1 million, which was primarily attributed to (i) our loss before tax of RMB85.0 million, as adjusted by non-cash and non-operating items, primarily consisting of fair value losses on convertible redeemable preferred shares of RMB44.1 million and depreciation of property, plant and equipment of RMB8.3 million; and (ii) changes in working capital, which primarily consist of decrease in other payables and accruals of RMB28.6 million, partially offset by increase in trade payables of RMB5.5 million.

Net Cash Flows From/(Used In) Investing Activities

In 2024, our net cash flows from investing activities were RMB84.0 million, primarily consisting of redemption of financial assets at FVTPL of RMB552.4 million. This was partially offset by (i) purchases of financial assets at FVTPL of RMB475.2 million and (ii) purchases of time deposits of RMB53.5 million.

In 2023, our net cash flows used in investing activities were RMB66.4 million, primarily attributable to (i) purchases of time deposits of RMB180.5 million and (ii) purchases of items of property, plant and equipment of RMB24.6 million. This was partially offset by proceeds from maturity of time deposits of RMB140.5 million.

In 2022, our net cash flows from investing activities were RMB17.4 million, primarily attributable to net cash inflow from redemption and purchase of financial assets at FVTPL of RMB55.4 million.

Net Cash Flows From Financing Activities

In 2024, our net cash flows from financing activities were RMB24.8 million, primarily attributable to receipt of loans from bank of RMB104.0 million. This was partially offset by (i) repayment of loans from bank of RMB73.5 million and (ii) payments for lease liabilities of RMB4.8 million.

In 2023, our net cash flows from financing activities were RMB37.6 million, primarily attributable to receipt of loans from bank of RMB51.5 million. This was partially offset by (i) repayment of loans from bank of RMB9.0 million and (ii) payments of lease liabilities of RMB6.4 million.

In 2022, our net cash flows from financing activities were RMB107.5 million, primarily due to proceeds from issue of convertible redeemable preferred shares of RMB112.7 million. This was partially offset by payment for lease liabilities of RMB6.2 million.

NET CURRENT LIABILITIES

The following table sets forth selected information from our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Current assets				
Trade receivables	72,594	90,862	150,130	212,511
Prepayments, other receivables and other assets	774	25,456	28,113	7,732
Financial assets at fair value through profit or loss	103,347	90,471	16,765	79,463
Time deposits	28,909	68,952	36,019	100,584
Pledged deposits	–	1,529	17,638	17,962
Cash and cash equivalents	109,054	45,772	113,987	63,273
Total current assets	314,678	323,042	362,652	481,525
Current liabilities				
Trade and bills payables	27,337	35,383	95,352	109,527
Convertible redeemable preferred shares	507,540	662,414	895,692	1,121,923
Other payables and accruals	11,493	17,633	33,467	22,465
Lease liabilities	7,469	2,834	2,535	3,750
Interest-bearing bank borrowings	1,000	43,500	74,000	69,000
Total current liabilities	554,839	761,764	1,101,046	1,326,665
Net current liabilities	240,161	438,722	738,394	845,140

Our net current liabilities increased from RMB738.4 million as of December 31, 2024 to RMB845.1 million as of April 30, 2025, primarily due to an increase in convertible redeemable preferred shares of RMB226.2 million due to the issuance of series B Preferred Shares, partially offset by (i) an increase of trade receivables of RMB62.4 million and (ii) an increase of RMB64.6 million in time deposits.

Our net current liabilities increased from RMB438.7 million as of December 31, 2023 to RMB738.4 million as of December 31, 2024, primarily due to (i) an increase in convertible redeemable preferred shares of RMB233.3 million due to changes in fair value of such shares,

(ii) a decrease in financial assets of fair value through profit or loss of RMB73.7 million and (iii) an increase of trade and bills payables of RMB60.0 million in line with our business expansion, partially offset by (i) an increase of trade receivables of RMB59.3 million and (ii) an increase of RMB68.2 million in cash and cash equivalents.

Our net current liabilities increased from RMB240.2 million as of December 31, 2022 to RMB438.7 million as of December 31, 2023, primarily due to (i) an increase in convertible redeemable preferred shares of RMB154.9 million due to changes in fair value of such shares, (ii) a decrease in cash and cash equivalents of RMB63.3 million as we put more available cash to time deposits and other financing instruments and (iii) an increase of RMB42.5 million in interest-bearing bank borrowings, partially offset by (i) an increase in time deposits of RMB40.0 million and (ii) an increase of RMB24.7 million in prepayments, other receivables and other assets.

INDEBTEDNESS

The following table sets forth the components of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Current				
Interest-bearing bank borrowings	1,000	43,500	74,000	69,000
Convertible redeemable preferred shares	507,540	662,414	895,692	1,121,923
Lease liabilities	7,469	2,834	2,535	3,750
Non-current				
Lease liabilities	4,433	613	–	9,743
Total	520,442	709,361	972,227	1,204,416

Interest-bearing Bank Borrowings

As of December 31, 2022, 2023 and 2024 and April 30, 2025, our interest-bearing bank borrowings were RMB1.0 million, RMB43.5 million, RMB74.0 million and RMB69.0 million, respectively. During the Track Record Period, our interest-bearing bank borrowings were primarily used for our day-to-day operations and managing our cash flow. Such borrowings were unsecured, with annual interest rates ranging from 2.7% to 3.6%. As of April 30, 2025, we had unutilized banking facilities of RMB51.0 million.

Loan agreements in respect of our borrowings during the Track Record Period contained standard covenants that restricted us on, among others, the use of borrowed funds and we are required to notify and/or obtain prior written consent from the banks upon, among others, occurrence of merger, acquisition, split-up, investment in a joint venture, change of business scope, sale or disposal of material assets, corporate reorganization, significant external investments, undertaking of additional debt financing, material litigation or winding-up or bankruptcy or reduction in registered capital. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we had not breached any material covenant under the loan agreements, nor defaulted on any loan repayment.

Convertible Redeemable Preferred Shares

From March 2021 to April 2022, we had received several rounds of investments, pursuant to which we have issued convertible redeemable preferred shares. Our convertible redeemable preferred shares amounted to RMB507.5 million, RMB662.4 million, RMB895.7 million and RMB1,121.9 million as of December 31, 2022, 2023 and 2024 and April 30, 2025, respectively, reflecting changes in fair values of such shares. For further details on the convertible redeemable preferred shares, see note 24 to the Accountants' Report in Appendix I to this document.

Lease Liabilities

We lease properties to operate our business and our lease liabilities primarily relate to the lease of our office premises and electronic equipment. Our lease liabilities decreased from RMB11.9 million as of December 31, 2022 to RMB3.4 million as of December 31, 2023 and RMB2.5 million as of December 31, 2024, primarily attributable to (i) the payment made during the relevant year and (ii) the termination of leases for certain servers in 2023 as we no longer need such servers due to the establishment of our platform. Our lease liabilities subsequently increased to RMB13.5 million as of April 30, 2025, primarily because we entered into new lease agreements in anticipation of relocating certain office premises.

Except as disclosed above as of April 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or contingent liabilities. Our Directors confirmed that since April 30, 2025 and up to the Latest Practicable Date, there had not been any material change in our indebtedness.

Contingent Liabilities

As of the Latest Practicable Date, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our transactions with related parties were non-trade in nature. Our Directors are of the view that each of the related party transactions set out in note 30 to the Accountants' Report in Appendix I was conducted on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the years indicated.

	As of/Year ended December 31,		
	2022	2023	2024
Revenue growth rate[(1)]	N/A	25.3%	55.7%
Net loss margin[(2)]	29.7%	52.8%	52.6%
Adjusted net loss margin (non-HKFRS measure)[(3)]	13.7%	10.3%	11.0%
Current ratio[(4)]	0.6	0.4	0.3
Adjusted current ratio (non-HKFRS measure)[(5)]	6.7	3.3	1.8

Notes:

(1) Represents the difference between the revenue for the year indicated and the revenue for the prior year, divided by the revenue for the prior year, and multiplied by 100%.

(2) Represents net loss divided by revenue for the years indicated, and multiplied by 100%.

(3) Represents adjusted net loss (non-HKFRS measure) divided by revenue for the years indicated, and multiplied by 100%.

(4) Represents current assets divided by current liabilities as of the dates indicated.

(5) Represents current assets divided by current liabilities (excluding convertible redeemable preferred shares) as of the dates indicated.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of expenditures for fixed assets, which include property, plant and equipment and right-of-use assets, specifically servers, computer equipment, office equipment and furniture, and leasehold improvements and buildings.

The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Purchases of items of property, plant and equipment	10,126	24,576	27,820
Purchase of items of other intangible assets	618	–	–
Total	10,744	24,576	27,820

During the Track Record Period, we funded our capital expenditure mainly from cash generated from our operating activities, bank borrowings and equity financing. We expect to incur additional capital expenditures in 2025 primarily for purchase of property, plant and equipment for the performance of services and our research and development functions. We expect to finance such capital expenditures through operating cash flows and bank borrowings. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of December 31, 2022, 2023 and 2024, we did not have any material commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks, mainly including foreign currency risk, credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance. For further details of our financial risks, see note 34 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. During the Track Record Period, we did not make any dividend payment. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Memorandum of Association and Articles of Association and the Cayman Companies Act. As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of net liabilities or accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

WORKING CAPITAL CONFIRMATION

Taking into account our available resources including cash and cash equivalents, time deposits, pledged deposits, operating cash flows, bank borrowings, the available banking facilities and the estimated [**REDACTED**] available to us from the [**REDACTED**], our Directors are of the view, and the Joint Sponsors concur, that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

During the Track Record Period and up to the Latest Practicable Date, we primarily funded our cash requirements from cash from operations, debt financing and [**REDACTED**] we received from [**REDACTED**] Investments. As of April 30, 2025, we had cash and cash equivalents of RMB63.3 million, pledged deposits of RMB18.0 million, time deposits of RMB100.6 million and financial assets at fair value through profit and loss, which represents wealth management products purchased by us, of RMB79.5 million. In addition, our net current liability position during the Track Record Period was largely due to the issuance of convertible redeemable preferred shares. As the convertible redeemable preferred shares will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**], such shares will be re-classified from liabilities to equity upon then, and we would achieve a net asset position. We are of the opinion that no cash payment is expected for the settlement of such convertible redeemable preferred shares within twelve months after December 31, 2024.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

[**REDACTED**]

The [**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**], including [**REDACTED**] for the [**REDACTED**], will be approximately HK$[**REDACTED**] million (including (i) [**REDACTED**] of approximately HK$[**REDACTED**] million and (ii) [**REDACTED**] related expenses of approximately HK$[**REDACTED**] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK$[**REDACTED**] million and other fees and expenses of approximately HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**], (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]). Among the total [**REDACTED**], an estimated amount of approximately HK$[**REDACTED**] million is expected to be expensed through the statement of profit or loss and the remaining amount of approximately HK$[**REDACTED**] million is expected to be recognized directly as a deduction from equity upon the [**REDACTED**].

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of our Group as of December 31, 2024 as if the [**REDACTED**] had taken place on such date.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as of December 31, 2024 or at any future dates following the [**REDACTED**]. It is prepared based on the audited consolidated net tangible liabilities of our Group as of December 31, 2024 as shown in the Accountants' Report in Appendix I to this document and adjusted as described below.

	Consolidated net tangible liabilities of our Group attributable to owners of our Company as of December 31, 2024	Estimated [REDACTED] from the [REDACTED]	Estimated impact related to the reclassification of convertible redeemable preferred shares upon [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owner of our Company	Unaudited [REDACTED] adjusted consolidated net tangible assets per Share	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000 (Note 3)*	*RMB'000*	*RMB (Note 4)*	*HK$ (Note 5)*
Based on an [REDACTED] of HK$[REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. The consolidated net tangible liabilities attributable to the Shareholders of the Company as of December 31, 2024 is extracted from the Accountants' Report set out in Appendix I in this document, which is based on the consolidated net liabilities attributable to the Shareholders of the Company as of December 31, 2024 of RMB695,849,000 after deducting other intangible assets of RMB808,000.

2. The estimated [**REDACTED**] from the [**REDACTED**] are based on the [**REDACTED**] at the [**REDACTED**] of HK$[**REDACTED**] per Share and HK$[**REDACTED**] per Share, after deduction of the [**REDACTED**] and other related expenses payable by the Group (excluding the [**REDACTED**] that have been charged to profit or loss during the Track Record Period) and do not take into account of any Shares which may be issued upon the exercise of the [**REDACTED**] and/or under the [**REDACTED**] Global Share Plan. The estimated [**REDACTED**] from the [**REDACTED**] are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.91444 prevailing on June 15, 2025. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

3. For the purpose of the unaudited [**REDACTED**] financial information, considering the estimated impact related to the reclassification of convertible redeemable preferred shares upon [**REDACTED**], the unaudited [**REDACTED**] adjusted net tangible assets attributable to the owners of the Company will be increased by RMB[**REDACTED**], being the fair value of the convertible redeemable preferred shares as at December 31, 2024. Upon the [**REDACTED**] and the completion of the [**REDACTED**], all the convertible redeemable preferred shares will be automatically converted into Shares. These convertible redeemable preferred shares will be reclassified from liabilities to equity. The amount that is reclassified from liabilities to equity will be the fair value of the Preferred Shares on that date of the [**REDACTED**].

4. The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company and the amounts per share are arrived at after the adjustments referred to in the preceding paragraphs (note 2 and 3 above) and on the basis that [**REDACTED**] shares were in issue assuming that the automatic conversion of Preferred Shares into ordinary shares and the [**REDACTED**] had been completed on December 31, 2024 without taking into account any shares which may be issued upon exercise of the [**REDACTED**].

5. For the purpose of this unaudited [**REDACTED**] statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of HK$1.00 to RMB0.91444 prevailing on June 15, 2025.

6. No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets to reflect any trading results or other transactions for the Group entered into subsequent to December 31, 2024.

7. The unaudited [**REDACTED**] adjusted consolidated net tangible assets have not taken into account the effect of the granted share incentive scheme up to the Latest Practicable Date. Had the collected [**REDACTED**] of US$7,085 as consideration been taken into account, the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share would be HK$[**REDACTED**] per Share (equivalent to RMB[**REDACTED**] per Share, based on the [**REDACTED**] of HK$[**REDACTED**] per Share), or HK$[**REDACTED**] per Share (equivalent to RMB[**REDACTED**] per Share, based on the [**REDACTED**] of HK$[**REDACTED**] per Share) at the rate of US$1.00 to RMB7.17720 and HK$1.00 to RMB0.91444 prevailing on June 15, 2025.

8. The unaudited [**REDACTED**] adjusted consolidated net tangible assets have not taken into account the effect of the raising of an additional [**REDACTED**] of US$21,000,000 from the issuance of Series B Preferred Shares in April 2025. Had the additional proceed of US$21,000,000 been taken into account, the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share would be HK$[**REDACTED**] per Share (equivalent to RMB[**REDACTED**] per Share, based on the [**REDACTED**] of HK$[**REDACTED**] per Share), HK$[**REDACTED**] per Share (equivalent to RMB[**REDACTED**] per Share, based on the [**REDACTED**] of HK$[**REDACTED**] per Share) at the rate of US$1.00 to RMB7.17720 and HK$1.00 to RMB0.91444 prevailing on June 15, 2025.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For details of our future plans, see "Business—Our Strategies."

USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated [**REDACTED**] expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**]. We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

(i) Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used to enhance our technology capabilities in distributed cloud computing services and upgrade our multi-modal API platform, of which,

  (a) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to develop an ultra-low latency computing power network, which is a critical infrastructure to support advanced AI systems, achieve millisecond-level responsiveness and make real-time decisions in scenarios such as autonomous driving, remote surgery and smart manufacturing. We then aim to enhance the monitoring mechanism and autonomous operation of the computing power network to enhance real-time optimization of workload balancing across our computing networks;

  (b) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to continue the refinement of our edge transmission technologies to ensure more efficient and cost-effective service delivery and inference acceleration technologies to enhance the cost efficiency of our computing resources; and

  (c) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to build a unified multimodal API platform that bridges models with real-world multimodal inputs and handles complex AI models. We plan to develop APIs for multimodal streaming, which supports continuous, low-latency input and output streaming covering audio, visual, gestural and 3D spatial data.

(ii) Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used to solidify our business presence and expand our business outreach aiming to increase our market share, of which,

  (a) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to continue boosting product visibility and brand influence through targeted digital marketing and social media strategies. We will also host online and in-person events such as technical workshops and developer forums, participate in open-source community events and offer open-source integrations to reach potential customers; and

(b) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to strengthen our computing power network by diversifying suppliers and expanding global collaborations to solidify relationship with our customers and meet demands of diverse computing tasks. We intend to partner with global telecom operators, data centers, intelligent computing enterprises and traditional cloud service providers, as well as an expanded range of computing resource providers.

(iii) Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used for our overseas expansion particularly in established and emerging markets with untapped potential, of which,

(a) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to assemble local teams to provide customized services, including sales, deployment, maintenance and after-sales support, tailored to address the distinct and diverse needs of local clients. With insights of the local teams, we aim to ensure our service offerings match each market's unique requirements and expectations; and

(b) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be used to develop additional global compute nodes and collaborate with more computing power suppliers in these markets to bolster our resource-based competitive advantages and enhance our overseas IT infrastructure.

(iv) Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used for working capital and general corporate purposes.

In the event that the [**REDACTED**] is set at the maximum [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**] range, the [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] million.

The additional [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be: (i) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**] range); (ii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range); and (iii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

To the extent that the [**REDACTED**] from the [**REDACTED**] are either more or less than expected, we will adjust our allocation of the [**REDACTED**] for the above purposes on a *pro rata* basis.

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes, we will only deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**] in accordance with the Listing Rules.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PPLABS TECHNOLOGY LIMITED, ICBC INTERNATIONAL CAPITAL LIMITED AND SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED

Introduction

We report on the historical financial information of PPlabs Technology Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-56, which comprises the consolidated statements of profit or loss and other comprehensive loss, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-56 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	286,074	358,385	558,037
Cost of sales		(239,914)	(294,868)	(489,190)
Gross profit		46,160	63,517	68,847
Other income and gains, net	*5*	7,432	9,231	7,475
Selling and marketing expenses		(18,476)	(20,178)	(25,836)
Administrative expenses		(24,871)	(25,333)	(31,273)
Research and development expenses		(41,366)	(67,783)	(86,346)
Other expenses		(9,035)	(2,901)	(2,973)
Finance costs	*7*	(674)	(882)	(1,656)
Fair value losses on convertible redeemable preferred shares	*6*	(44,137)	(145,048)	(221,750)
LOSS BEFORE TAX	*6*	(84,967)	(189,377)	(293,512)
Income tax expense	*10*	–	–	–
LOSS FOR THE YEAR		(84,967)	(189,377)	(293,512)
Attributable to:				
Owners of the parent		(84,967)	(189,377)	(293,512)
OTHER COMPREHENSIVE LOSS				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation		18,010	3,395	2,934
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation		(41,366)	(9,794)	(11,499)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(23,356)	(6,399)	(8,565)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(108,323)	(195,776)	(302,077)
Total comprehensive loss attributable to:				
Owners of the parent		(108,323)	(195,776)	(302,077)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	*11*	(0.10)	(0.23)	(0.36)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	16,707	30,381	39,277
Right-of-use assets	*16*	10,144	2,980	2,460
Other intangible assets	*15*	938	915	808
Prepayments, other receivables and other assets	*18*	1,416	1,142	–
Total non-current assets		29,205	35,418	42,545
CURRENT ASSETS				
Trade receivables	*17*	72,594	90,862	150,130
Prepayments, other receivables and other assets	*18*	774	25,456	28,113
Financial assets at fair value through profit or loss ("FVTPL")	*20*	103,347	90,471	16,765
Time deposits	*19*	28,909	68,952	36,019
Pledged deposits	*19*	–	1,529	17,638
Cash and cash equivalents	*19*	109,054	45,772	113,987
Total current assets		314,678	323,042	362,652
CURRENT LIABILITIES				
Trade and bills payables	*21*	27,337	35,383	95,352
Convertible redeemable preferred shares	*24*	507,540	662,414	895,692
Other payables and accruals	*22*	11,493	17,633	33,467
Lease liabilities	*16*	7,469	2,834	2,535
Interest-bearing bank borrowings	*23*	1,000	43,500	74,000
Total current liabilities		554,839	761,764	1,101,046
NET CURRENT LIABILITIES		(240,161)	(438,722)	(738,394)
TOTAL ASSETS LESS CURRENT LIABILITIES		(210,956)	(403,304)	(695,849)
NON-CURRENT LIABILITIES				
Lease liabilities	*16*	4,433	613	–
Total non-current liabilities		4,433	613	–
Net liabilities		(215,389)	(403,917)	(695,849)
EQUITY				
Equity attributable to owners of the parent				
Share capital	*26*	52	52	52
Reserves	*27*	(215,441)	(403,969)	(695,901)
Total deficits		(215,389)	(403,917)	(695,849)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	52	57,141	–	5,303	(171,258)	(108,762)
Loss for the year	–	–	–	–	(84,967)	(84,967)
Other comprehensive loss for the year	–	–	–	(23,356)	–	(23,356)
Total comprehensive loss for the year	–	–	–	(23,356)	(84,967)	(108,323)
Equity-settled share option arrangements (note 28)	–	–	1,696	–	–	1,696
As at 31 December 2022 and 1 January 2023	52	57,141	1,696	(18,053)	(256,225)	(215,389)
Loss for the year	–	–	–	–	(189,377)	(189,377)
Other comprehensive loss for the year	–	–	–	(6,399)	–	(6,399)
Total comprehensive loss for the year	–	–	–	(6,399)	(189,377)	(195,776)
Equity-settled share option arrangements (note 28)	–	–	7,248	–	–	7,248
As at 31 December 2023 and 1 January 2024	52	57,141	8,944	(24,452)	(445,602)	(403,917)
Loss for the year	–	–	–	–	(293,512)	(293,512)
Other comprehensive loss for the year	–	–	–	(8,565)	–	(8,565)
Total comprehensive loss for the year	–	–	–	(8,565)	(293,512)	(302,077)
Equity-settled share option arrangements (note 28)	–	–	10,145	–	–	10,145
As at 31 December 2024	52	57,141	19,089	(33,017)	(739,114)	(695,849)

* These reserve accounts comprise the negative reserves of RMB215,441,000, RMB403,969,000 and RMB695,901,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(84,967)	(189,377)	(293,512)
Adjustments for:				
Finance costs	*7*	674	882	1,656
Share-based payment expenses	*28*	1,696	7,248	10,145
Fair values losses on convertible redeemable preferred shares	*24*	44,137	145,048	221,750
Interest income	*5*	(814)	(2,076)	(1,570)
Loss on disposal of items of property, plant and equipment	*14*	96	240	907
(Gains)/loss on disposal of items of right-of-use-assets	*16*	(10)	111	(229)
Changes in fair value of financial assets at FVTPL	*5*	(542)	(1,468)	(862)
Investment income from financial assets at FVTPL	*5*	(4,301)	(4,099)	(2,677)
Depreciation of items of property, plant and equipment	*14*	8,268	10,035	17,222
Depreciation of right-of-use assets	*16*	6,746	4,734	4,454
Foreign exchange differences, net	*6*	8,885	2,425	2,270
Amortisation of other intangible assets	*15*	49	104	107
		(20,083)	(26,193)	(40,339)
Increase in trade receivables		(4,883)	(18,268)	(59,270)
Decrease/(increase) in other assets		2,203	(202)	46
Decrease/(increase) in prepayments, deposits and other receivables		765	(1,333)	(840)
Increase in trade and bills payables		5,515	8,046	59,973
(Decrease)/increase in other payables and accruals		(28,583)	4,037	15,239
Placement of pledged deposits		–	(1,529)	(16,109)
Cash used in operations		(45,066)	(35,442)	(41,300)
Net cash flows used in operating activities		(45,066)	(35,442)	(41,300)

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		814	2,076	834
Purchases of items of property, plant and equipment		(10,126)	(24,576)	(27,820)
Purchases of financial assets at fair value of profit or loss		(1,037,952)	(1,026,075)	(475,179)
Redemption of financial assets at fair value of profit or loss		1,093,347	1,044,518	552,424
Placement of time deposits		(302,941)	(180,517)	(53,450)
Proceeds from maturity of time deposits		274,044	140,474	86,383
Purchase of items of other intangible assets		(618)	–	–
Proceeds from disposal of items of property, plant and equipment		815	672	795
Loans to a related party		–	(23,000)	–
Net cash flows generated from/(used in) investing activities		17,383	(66,428)	83,987
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of convertible redeemable preferred shares		112,690	–	–
Additions of interest-bearing bank borrowings	*29(b)*	1,000	51,500	104,000
Interest paid	*29(b)*	(8)	(582)	(1,491)
Repayment of interest-bearing bank borrowings	*29(b)*	–	(9,000)	(73,500)
Loans from a related party		–	2,103	597
Payments for lease liabilities		(6,224)	(6,436)	(4,782)
Net cash flows generated from financing activities		107,458	37,585	24,824
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		79,775	(64,285)	67,511
Cash and cash equivalents at beginning of year		20,373	109,054	45,772
Effect of foreign exchange rate changes		8,906	1,003	704
Cash and cash equivalents at end of year		109,054	45,772	113,987

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Information about the statements of financial position of the Company at the end of each of the Relevant Periods is as follows:

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investments in subsidiaries	*13*	474,269	488,561	505,011
Total non-current assets		474,269	488,561	505,011
CURRENT ASSETS				
Prepayments, other receivables and other assets	*18*	–	1,923	1,951
Financial assets at fair value through profit or loss ("FVTPL")	*20*	1,895	–	–
Cash and cash equivalents	*19*	36	34	6
Total current assets		1,931	1,957	1,957
CURRENT LIABILITIES				
Convertible redeemable preferred shares	*24*	507,540	662,414	895,692
Total current liabilities		507,540	662,414	895,692
NET CURRENT LIABILITIES		(505,609)	(660,457)	(893,735)
TOTAL ASSETS LESS CURRENT LIABILITIES		(31,340)	(171,896)	(388,724)
NET LIABILITIES		(31,340)	(171,896)	(388,724)
EQUITY				
Share capital	*26*	52	52	52
Reserves	*27*	(31,392)	(171,948)	(388,776)
Total deficits		(31,340)	(171,896)	(388,724)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

PPlabs Technology Limited (the "Company") was incorporated on 6 May 2019 as an exempted company incorporated with limited liability under the laws of the Cayman Islands. The registered office of the Company is located at Fifth Floor, Zephyr House, 122 Mary Street, Georgetown, P.O. Box 31493, Grand Cayman, KY1-1206, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Group is principally engaged in the provision of cloud computing services in the People's Republic of China (the "PRC"). The Company is ultimately controlled by Mr. Yao Xin and Ms. Lyu Shanshan.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are as follows:

Entity name	Notes	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
PPlabs Hong Kong Limited	*(a)*	Hong Kong 24 May 2019	HK$1	100	–	Investment holding and bridge for overseas business
Shanghai DAO Network Technology Co., Ltd 上海道奧網絡科技有限公司 ("Shanghai DAO")*	*(c)*	PRC/Mainland China, 24 June 2019	RMB380,000,000	–	100	Investment holding
PPIO Cloud (Shanghai) Co., Ltd. 派歐雲計算(上海)有限公司 ("PPIO Shanghai")*	*(b)*	PRC/Mainland China, 22 May 2018	RMB10,000,000	–	100	Provision of edge cloud and AI cloud services
Shanghai PAI Network Co., Ltd. 上海派雲信息技術有限公司 ("Shanghai PAI")*	*(c)*	PRC/Mainland China, 2 April 2020	RMB35,000,000	–	100	Provision of cloud services
SWARMNET SOLUTIONS PTE. LTD.	*(c)*	Singapore 22 January 2024	SGD1,000	100	–	Provision of AI cloud services in overseas market
Hivemind Lab, Inc.	*(c)*	United States of America 18 November 2024	US$100	100	–	Provision of AI cloud services in overseas market
Generative Era Technology (Shanghai) Co., Ltd. 生成時代科技(上海)有限公司*	*(c)*	PRC/Mainland China, 6 September 2024	RMB10,000,000	–	100	Provision of cloud services

* The English names of these companies represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

(a) The statutory auditors of this entity were Mapleton CPA & Co. (豐業會計師事務所) for the year ended 31 December 2022 and Wiser CPA Limited (聚賢會計師有限公司) for the year ended 31 December 2023. No audited financial statements have been prepared for this entity for the year ended 31 December 2024.

(b) The statutory auditors of this entity were Shanghai Ruitong Certified Public Accountants (General Partnership) (上海瑞通會計師事務所(普通合夥)) for the year ended 31 December 2022, Shanghai Zhongan Certified Public Accountants Co, Ltd. (上海眾安會計師事務所有限公司) for the year ended 31 December 2023. No audited financial statements have been prepared for this entity for the year ended 31 December 2024.

(c) No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing online information services (the "Relevant Business") in the PRC, certain cloud service business was carried out by PPIO Shanghai and its subsidiaries (collectively the "PRC Operating Entities") during the Relevant Periods. Shanghai DAO, a wholly-owned subsidiary of the Company (the "WFOE") has entered into a series of contractual arrangements ("Contractual Arrangements") with the PPIO Shanghai and its registered shareholders and their spouses. The Contractual Arrangements enable the WFOE to exercise effective control over the PRC Operating Entities, to obtain substantially all economic benefits and to have an exclusive option to acquire all or part of the equity interests in PPIO Shanghai. Accordingly, PPIO Shanghai is controlled by the WFOE based on the Contractual Arrangements though the WFOE does not have any direct or indirect equity interest in PPIO Shanghai. Details of the contractual arrangements are set out in the section headed "Contractual Arrangements" in the Document.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and convertible redeemable preferred shares, which have been measured at fair value at the end of each of the Relevant Periods.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2024, the Group recorded net current liabilities and net liabilities amounting to RMB738,394,000 and RMB695,849,000, respectively. The net current liabilities and net liabilities primarily arose from the convertible redeemable preferred shares (the "Preferred Shares") amounting to RMB895,692,000 as at 31 December 2024.

According to the Fourth Amended and Restated Memorandum of Association, if the Company fails to consummate a qualified [**REDACTED**] after seven years from the issuance of Series A-2 Preferred Shares, the investments should be redeemed by the Company in cash and cash equivalents. The directors of the Company are of the opinion that no cash payment is expected for the settlement of the liabilities arising from financial instruments issued to investors within twelve months since 31 December 2024.

In addition, the Group has performed a cash flow forecast for the next twelve months from 31 December 2024. The directors of the Company believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 31 December 2024. Accordingly, the directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/Relevant Periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of profit or loss and statement of cash flows and additional disclosure will be included in the financial statements.

Except for HKFRS 18, the directors of the Company anticipate that the application of these new and revised HKFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Fair value measurement

The Group measures its wealth management products and convertible redeemable preferred shares at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic equipment	19.00% to 31.67%
Office equipment and others	19.00% to 31.67%
Leasehold improvements	the shorter of the estimated useful life of the assets and lease terms

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents

Purchased patents is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 10 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	3 years
Electronic equipment	1.92 to 3 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of each of the Relevant Periods with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are within 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the end of each of the Relevant Periods (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, convertible redeemable preferred shares, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Convertible redeemable preferred shares

The Series Angel, Series A, Series A-1 and Series A-2 of convertible redeemable preferred shares (collectively, the "Preferred Shares") issued by the Company are redeemable upon occurrence of certain events. These instruments can also be converted into ordinary shares of the Company at the option of the holders, or automatically upon occurrence of an [**REDACTED**] of the Company.

The Group designated the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as "finance costs" in the statement of profit or loss. Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognised in the statement of profit or loss, except for the portion attributable to own credit risk change that should be charged to other comprehensive income.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities. The Group has designated its Shares with Preferential Rights as financial liabilities at fair value through profit or loss, details of which are included in note 24 to the Historical Financial Information.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group is mainly engaged in the business of providing cloud computing services.

Provision of cloud computing services

The cloud computing services include edge cloud services and artificial intelligence cloud services. The nature of the performance obligation is a single performance obligation to be ready to provide integrated services throughout the contract period. Revenue from the provision of cloud computing services is recognised over the scheduled period because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from cloud computing services, is measured on a usage basis and is recognised over time, using an output method to measure the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group uses monthly utilisation records to recognise revenue over time. At the end of each month, the transaction consideration is fixed based on utilisation records and hence no estimation of the transaction price during the Relevant Periods is necessary.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the Relevant Periods

If the Group receives information after the Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of the Relevant Periods, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the Relevant Periods, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 12 to the Historical Financial Information.

Foreign currencies

The Historical Financial Information is presented in RMB. The functional currency of the Company, incorporated in the Cayman Islands, is US$. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the Relevant Periods are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB159,029,000, RMB240,205,000 and RMB339,702,000 as at the end of each of the Relevant Periods carried forward, respectively. These losses related to the Company and its subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The Company and its subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB29,923,000, RMB13,438,000 and RMB15,863,000, respectively, for each of the Relevant Periods. Further details on deferred taxes are disclosed in note 25 to the Historical Financial Information.

Contractual arrangements

As disclosed in note 1, the Group exercises control over the PRC Operating Entities and enjoys substantially all economic benefits and is exposed to risk of the PRC Operating Entities through the Contractual Arrangements.

The Company does not have any direct equity interests in the PRC Operating Entities. However, as a result of the Contractual Arrangements, the Company has power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries and has consolidated the financial position and results of the PRC Operating Entities in the Historical Financial Information throughout the Relevant Periods.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

The Group operates share option schemes for the purpose of providing incentives to the Company's directors and the Group's employees. The fair value of the option is determined using the binomial model at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as the discount rate for lack of marketability ("DLOM"), discount rate and volatility, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognised in the statement of profit or loss. Further details are contained in note 28 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of convertible redeemable preferred shares

The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques, including the discounted cash flow method and option pricing model. Such valuation is based on key parameters about discount rate, risk-free interest rate, discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 24 to the Historical Financial Information.

Leases—Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Operating segment information

The Group's operation is solely the provision of cloud computing services. For the purpose of resource allocation and performance assessment, the chief operating decision maker ("CODM") (i.e., the chief executive officer) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in note 2.3. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

Since almost all of the Group's non-current assets were located in the PRC and almost all of the revenue of the Group is derived from operations in the PRC during the Relevant Periods, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue from major customers which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Client A	52,548	158,196	196,176
Client B	109,380	99,348	182,170
Client C	43,003	51,224	58,526
Client D	30,955	N/A*	N/A*

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	286,074	358,385	558,037

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Edge cloud computing services	286,074	358,120	547,650
AI cloud computing services	–	265	10,387
Total	286,074	358,385	558,037
Timing of revenue recognition			
Services transferred over time	286,074	358,385	558,037
Total	286,074	358,385	558,037

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Edge cloud and AI cloud computing services

Edge cloud computing services provide customers with access to the Group's enterprise cloud computing platform and AI cloud computing services provide customers with access to powerful computing resources by integrating GPU instances provided by different suppliers. Revenue from these services is recognised on a usage basis. The usage-based fees are recognised as revenue in the period in which the usage occurs. The Group uses monthly utilisation records to recognise revenue over time as it most faithfully depicts the simultaneous consumption and delivery of services. At the end of each month, the transaction consideration is determined based on utilisation records and hence no estimation of the transaction price beyond the reporting period is necessary. The payments are generally due within 90 days. No other performance obligations are provided to customers.

Other income and gains, net

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Investment income*	4,301	4,099	2,677
Government grants**	1,512	1,474	2,003
Bank interest income	814	2,076	1,570
Total other income	6,627	7,649	6,250

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Gains			
Fair value gains on financial assets at FVTPL . .	542	1,468	862
Others	263	114	363
Total gains	805	1,582	1,225
Other income and gains	7,432	9,231	7,475

* The investment income is derived from gains on the disposal of financial assets at FVTPL.

** The government grants have been received from the PRC local government authorities to support the operating activities of the Group's subsidiaries incorporated in Mainland China. There are no fulfilled eligibility requirements or conditions relating to these government grants. The Group received certain government grants related to income to compensate for the Group's costs already incurred in past.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of sales		239,914	294,868	489,190
Depreciation of property, plant and equipment*.	*14*	8,268	10,035	17,222
Depreciation of right-of-use assets*	*16(a)*	6,746	4,734	4,454
Amortisation of other intangible assets* .	*15*	49	104	107
Research and development costs		41,366	67,783	86,346
Lease payments not included in the measurement of lease liabilities	*16(c)*	1,334	2,011	1,051
Auditor's remuneration		120	150	150
Employee benefit expenses (excluding directors' remuneration *(note 8)**:				
– Wages, salaries and other allowances . .		54,295	69,383	86,637
– Share-based payment expense		1,696	7,248	10,145
– Pension scheme contributions and social welfare		7,117	13,700	16,150
Sub-total		63,108	90,331	112,932
Fair value (gains)/losses, net:				
Convertible redeemable preferred shares	*24*	44,137	145,048	221,750
Financial assets at fair value through profit or loss		(542)	(1,468)	(862)
Foreign exchange loss		8,885	2,425	2,270
Loss on disposal of items of property, plant and equipment, net		96	240	907
(Gains)/loss on disposal of items of right-of-use assets		(10)	111	(229)

* Cost of sales and research and development costs include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets and employee benefit expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	666	300	165
Interest on bank loans	8	582	1,491
Total	674	882	1,656

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration as recorded during the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	1,771	2,463	3,625
Pension scheme contributions and social welfare	118	118	131
Total	1,889	2,581	3,756

(a) Non-executive director and independent non-executive directors

There were no fees and other emoluments payable to the non-executive director and independent non-executive directors during the Relevant Periods.

(b) Executive directors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Executive directors:				
Mr. Yao Xin	–	275	43	318
Mr. Wang Wenyu	–	690	32	722
Mr. Li Zhe	–	806	43	849
Total	–	1,771	118	1,889

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Executive directors:				
Mr. Yao Xin	–	373	44	417
Mr. Wang Wenyu	–	923	31	954
Mr. Li Zhe	–	1,167	43	1,210
Total	–	2,463	118	2,581

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Executive directors:				
Mr. Yao Xin	–	780	56	836
Mr. Wang Wenyu	–	1,341	32	1,373
Mr. Li Zhe	–	1,504	43	1,547
Total	–	3,625	131	3,756

Notes: Mr. Yao Xin has served as a director since May 2019.

Mr. Wang Wenyu has served as a director since April 2021.

Mr. Li Zhe was appointed as a director in June 2025

There was no arrangement under which the directors waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2022, 2023 and 2024 included 1 director, 2 directors and 2 directors, respectively. Details of those directors' remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	3,780	3,402	4,074
Share-based payment expenses	269	880	1,131
Pension scheme contributions and social welfare	246	274	298
Total	4,295	4,556	5,503

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
HK$1,000,001 to HK$1,500,000	4	–	–
HK$1,500,001 to HK$2,000,000	–	3	1
HK$2,000,001 to HK$2,500,000	–	–	2
Total	4	3	3

During the Relevant Periods, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the Historical Financial Information. The fair value of such share options which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("EIT") rate of the PRC subsidiaries was 25% during the Relevant Periods, unless as specified below.

PPIO Shanghai, a subsidiary of the Group in Mainland China, is qualified as a High and New Technology Enterprise and was subject to income tax at a preferential tax rate of 15% for the years ended 31 December 2022 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Singapore

The subsidiary incorporated in Singapore is subject to Singapore tax at the rate of 17%. No provision for Singapore profits tax has been made as the Group had no assessable profits derived from or earned in Singapore during each of the Relevant Periods.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	–	–	–
Deferred income tax	–	–	–
	–	–	–
Tax charge for the year	–	–	–

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(84,967)	(189,377)	(293,512)
Income tax charge at the statutory income tax rate	(9,253)	(10,729)	(16,939)
Effect of preferential tax rates	1,672	3,140	5,569
Expenses not deductible for tax	291	1,136	1,529
Additional deductible allowance for research and development expenses	(4,447)	(6,762)	(5,767)
Tax losses not recognised	11,737	13,215	15,608
Tax charge at the Group's effective rate	–	–	–

Super deduction on research and development costs was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities were entitled to claim 175% of their qualified research and development costs as tax deductible expenses when determining their assessable profits for the nine months ended 30 September 2022. According to the relevant laws and regulations, for the period from 1 October 2022 to 31 December 2024, the aforementioned deduction rate increased to 200%.

The Group has accumulated tax losses arising in Mainland China of RMB147,929,000, RMB224,962,000 and RMB312,717,000 as at 31 December 2022, 2023 and 2024, respectively, which can be carried forward from five to ten years to offset against future taxable profits of the entities in which the losses were incurred.

The Group has accumulated tax losses in Singapore of RMB802,000 as at 31 December 2024, which can be carried forward indefinitely to offset against future taxable profits of the entity in which the losses were incurred.

The Group has accumulated tax losses in Hong Kong of RMB11,100,000, RMB15,243,000 and RMB26,183,000 as at 31 December 2022, 2023 and 2024, respectively, which can be carried forward indefinitely to offset against future taxable profits of the entity in which the losses were incurred.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic

The basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the years ended 31 December 2022, 2023 and 2024.

	Year ended 31 December		
	2022	2023	2024
Loss attributable to owners of the parent (RMB'000)	(84,967)	(189,377)	(293,512)
Weighted average number of ordinary shares outstanding ('000)	810,000	810,000	810,000
Basic loss per share (expressed in RMB)	(0.10)	(0.23)	(0.36)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible redeemable preferred shares and share options.

As the Group incurred losses for the years ended 31 December 2022, 2023 and 2024, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

12. DIVIDEND

No dividend was paid or declared by the Company during the Relevant Periods.

13. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
[**REDACTED**] shares, at cost	474,269	488,561	505,011

Particulars of subsidiaries of the Company are set out in note 1 to the Historical Financial Information.

14. PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment	Office equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
At 1 January 2022:				
Cost	18,735	115	1,531	20,381
Accumulated depreciation	(4,439)	(19)	(117)	(4,575)
Net carrying amount	14,296	96	1,414	15,806
At 1 January 2022, net of accumulated depreciation	14,296	96	1,414	15,806
Additions	9,920	6	154	10,080
Disposals	(911)	–	–	(911)
Depreciation provided during the year (note 6)	(7,634)	(24)	(610)	(8,268)
At 31 December 2022, net of accumulated depreciation	15,671	78	958	16,707
At 31 December 2022:				
Cost	27,236	121	1,685	29,042
Accumulated depreciation	(11,565)	(43)	(727)	(12,335)
Net carrying amount	15,671	78	958	16,707
As at 31 December 2023				
At 1 January 2023:				
Cost	27,236	121	1,685	29,042
Accumulated depreciation	(11,565)	(43)	(727)	(12,335)
Net carrying amount	15,671	78	958	16,707
At 1 January 2023, net of accumulated depreciation	15,671	78	958	16,707
Additions	24,622	–	–	24,622
Disposals	(912)	(1)	–	(913)
Depreciation provided during the year (note 6)	(9,374)	(22)	(639)	(10,035)
At 31 December 2023, net of accumulated depreciation	30,007	55	319	30,381
At 31 December 2023:				
Cost	48,364	111	1,685	50,160
Accumulated depreciation	(18,357)	(56)	(1,366)	(19,779)
Net carrying amount	30,007	55	319	30,381
As at 31 December 2024				
At 1 January 2024:				
Cost	48,364	111	1,685	50,160
Accumulated depreciation	(18,357)	(56)	(1,366)	(19,779)
Net carrying amount	30,007	55	319	30,381
At 1 January 2024, net of accumulated depreciation	30,007	55	319	30,381
Additions	27,820	–	–	27,820
Disposals	(1,702)	–	–	(1,702)
Depreciation provided during the year (note 6)	(16,882)	(21)	(319)	(17,222)
At 31 December 2024, net of accumulated depreciation	39,243	34	–	39,277
At 31 December 2024:				
Cost	73,080	111	1,685	74,876
Accumulated depreciation	(33,837)	(77)	(1,685)	(35,599)
Net carrying amount	39,243	34	–	39,277

15. OTHER INTANGIBLE ASSETS

	Patents
	RMB'000
31 December 2022	
At 1 January 2022:	
Cost	–
Accumulated amortisation	–
Net carrying amount	–
At 1 January 2022, net of accumulated amortisation	–
Additions	987
Amortisation provided during the year	(49)
At 31 December 2022	938
At 31 December 2022 and at 1 January 2023:	
Cost	987
Accumulated amortisation	(49)
Net carrying amount	938
31 December 2023	
At 1 January 2023:	
Cost	987
Accumulated amortisation	(49)
Net carrying amount	938
At 1 January 2023, net of accumulated amortisation	938
Additions	81
Amortisation provided during the year	(104)
At 31 December 2023	915
At 31 December 2023 and at 1 January 2024:	
Cost	1,068
Accumulated amortisation	(153)
Net carrying amount	915
31 December 2024	
At 1 January 2024:	
Cost	1,068
Accumulated amortisation	(153)
Net carrying amount	915
At 1 January 2024, net of accumulated amortisation	915
Amortisation provided during the year	(107)
At 31 December 2024	808
At 31 December 2024:	
Cost	1,068
Accumulated amortisation	(260)
Net carrying amount	808

16. LEASES

The Group as a lessee

The Group has lease contracts for buildings and electronic equipment used in its operations. Leases of buildings and electronic equipment generally have lease terms within 3 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	7,613	11,587	19,200
Additions	3,450	–	3,450
Depreciation charge	(3,395)	(3,351)	(6,746)
Covid-19-related rent concessions from lessors	(1,480)	–	(1,480)
Termination of lease contracts	–	(4,280)	(4,280)
As at 31 December 2022	6,188	3,956	10,144

	Buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	6,188	3,956	10,144
Depreciation charge	(3,581)	(1,153)	(4,734)
Termination of lease contracts	–	(2,430)	(2,430)
As at 31 December 2023	2,607	373	2,980

	Buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2024	2,607	373	2,980
Additions	4,661	–	4,661
Depreciation charge	(4,122)	(332)	(4,454)
Termination of lease contracts	(686)	(41)	(727)
As at 31 December 2024	2,460	–	2,460

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	19,780	11,902	3,447
Additions	3,450	–	4,661
Accretion of interest recognised during the year	666	300	165
Payments	(6,224)	(6,436)	(4,782)
Covid-19-related rent concessions from lessors	(1,480)	–	–
Termination of lease contracts	(4,290)	(2,319)	(956)
Carrying amount at 31 December	11,902	3,447	2,535
Analysed into:			
Current portion	7,469	2,834	2,535
Non-current portion	4,433	613	–

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	666	300	165
Depreciation charge	6,746	4,734	4,454
Expense relating to leases of short-term leases	1,334	2,011	1,051
Total amount recognised in profit or loss	8,746	7,045	5,670

(d) The total cash outflow for leases is disclosed in note 29 to the Historical Financial Information.

17. TRADE RECEIVABLES

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	72,594	90,862	150,130
Impairment	–	–	–
Total	72,594	90,862	150,130

The Group's trading terms with its certain customers are on credit, and the credit period is generally within 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	72,594	90,862	150,130

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on historical payment patterns, adjusted for factors that are specific to the debtors and general economic conditions. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

For the years ended 31 December 2022, 2023 and 2024, considering no historical debtor default events occurred and the minimal impact of the forward-looking adjustment, management of the Company believes all of trade receivables can be settled within 6 months and the expected loss rate and expected credit losses are assessed to be minimal.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	Notes	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Current:				
Loan to a related party	*(a)*	–	23,000	23,736
Deposits and other receivables	*(b)*	468	675	3,448
Prepayments to suppliers		219	1,492	686
Value-added tax recoverable		87	289	243
Subtotal		774	25,456	28,113
Non-current portion:				
Prepayments for long-term assets		127	–	–
Rental deposits	*(b)*	1,289	1,142	–
Subtotal		1,416	1,142	–
Total		2,190	26,598	28,113

The Company

	Note	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Loan to a subsidiary	*30(c)*	–	1,923	1,951

(a) Loan to a related party included in prepayments, other receivables and other assets was non-trade in nature and repayable on demand and carried an interest rate at 3.2%. The loan to a related party was repaid on 23 January 2025.

(b) Deposits and other receivables mainly represent rental deposits, deposits with suppliers and petty cash to employees and were non-interest-bearing and trade in nature. Except for the petty cash to employees to be repaid on demand, the general expected timing of settlement for deposits and other receivables ranges from 1 month to 2 years.

Except for loan to a related party mentioned above, the rest of prepayments, other receivables and other assets were non-interest-bearing and trade in nature. The general expected timing of settlement is within 2 years.

Included in prepayments, other receivables and other assets, amounts due from a related party as at 31 December 2022, 2023 and 2024 of nil, RMB23,000,000 and RMB23,736,000, respectively, were disclosed in note 30(c) to the Historical Financial Information.

As there was no significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). As at 31 December 2022, 2023 and 2024, the Group assessed that the expected credit losses for these receivables were not material under the 12-month expected loss method. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the outstanding other receivable balances of the Group is not significant.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	137,963	116,253	167,644
Less:			
Non-pledged time deposits with original maturity of more than three months when acquired*	28,909	68,952	36,019
Pledged deposits**	–	1,529	17,638
Cash and cash equivalents	109,054	45,772	113,987
Denominated in:			
RMB	94,986	42,116	78,823
USD	53	3,635	6,197
SGD	–	–	13
HK$	14,015	21	28,954
Total	109,054	45,772	113,987

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	36	34	6
Denominated in:			
RMB	–	1	–
USD	35	32	4
HK$	1	1	2
Total	36	34	6

* Short-term bank deposits were deposits with original maturities over three months and less than one year.

** As at 31 December 2022, 2023 and 2024, the pledged deposits were pledged for bills payables.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between three months and one year depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products and structured deposits	103,347	90,471	16,765

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products and structured deposits	1,895	–	–

The wealth management products were issued by banks and other financial institutions. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not SPPI.

21. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	27,337	35,383	95,352

The trade payables are non-interest-bearing and are normally settled within 45 days and bills payables are normally settled within 180 days.

22. OTHER PAYABLES AND ACCRUALS

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Other payables	*(a)*	44	390	1,249
Loan from a related party	*(b)*	–	2,103	2,700
Tax payables		1,392	761	2,627
Accrued salaries, wages and benefits		10,057	14,379	26,891
Total		11,493	17,633	33,467

(a) Other payables were trade in nature, non-interest bearing and repayable on demand.

(b) Loan from a related party was non-trade in nature, non-interest-bearing and repayable on demand. The loan from a related party was repaid on 6 March 2025.

Included in other payable and accruals, amounts due to related parties as at 31 December 2022, 2023 and 2024 of nil, RMB2,103,000 and RMB2,700,000, respectively, were disclosed in note 30(c) to the Historical Financial Information.

23. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2022		
	Effective Interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	3.60	2023	1,000

	As at 31 December 2023		
	Effective Interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	2.98-3.60	2024	43,500

	As at 31 December 2024		
	Effective Interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	2.67-3.45	2025	74,000

24. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Group and the Company

From March 2021 to April 2022, the Company had received several rounds of investments as follows:

In March 2021, the Company issued 100,000,000 Series Angel-1 Preferred Shares ("Series Angel-1 Preferred Shares") at US$0.0154 per share with a total consideration of US$1,543,329 (equivalent to RMB10,033,000).

In March 2021, the Company issued 176,470,589 Series Angel-2 Preferred Shares ("Series Angel-2 Preferred Shares") at US$0.0425 per share with a total consideration of US$7,500,000 (equivalent to RMB51,112,000).

Series Angel-1 Preferred Shares and Series Angel-2 Preferred Shares are collectively referred to as Series Angel Preferred Shares.

In April 2021, the Company issued 188,235,296 Series A Preferred Shares ("Series A Preferred Shares") at US$0.0850 per share with a total consideration of US$16,000,000 (equivalent to RMB104,150,000).

In November 2021, the Company issued 152,114,596 Series A-1 Preferred Shares ("Series A-1 Preferred Shares") at US$0.1466 per share with a total consideration of US$22,300,000 (equivalent to RMB142,210,000), Among them, there are 34,106,412 Series A-1 Preferred Shares ("Series A-1 Preferred Shares") delivered for in April 2022.

In January 2022, the Company issued 80,278,129 Series A-2 Preferred Shares ("Series A-2 Preferred Shares") at US$0.1582 per share with a total consideration of US$12,700,000 (equivalent to RMB80,867,000).

Certain key terms of all series of the Preferred Shares are summarised as follows:

Redemption rights

According to the Fourth Amended and Restated Memorandum of Association of the Company, the investors of Series A Preferred Shares, Series A-1 Preferred Shares and Series A-2 Preferred Shares have rights to require the Company to redeem their investments, at any time upon the earlier occurrence of: (i) after seven years (amended to five years from the issuance of Series B Preferred Shares in April 2025) from the issuance of Series A-2 Preferred Shares and if the Company fails to consummate a qualified [**REDACTED**], or (ii) any contracts among the subsidiaries designed to provide the Company with control over, and the ability to consolidate the financial statements of, direct or indirect subsidiaries and/or controlled entities are void, in material breach or terminated and no solution has been agreed between the Company and shareholders. The redemption price is 150% of the original investment amount plus all accrued but unpaid dividends.

The redemption preference from high priority to low priority is in sequence as follows: Series A-2 Preferred Shares, Series A-1 Preferred Shares, and Series A Preferred Shares.

Conversion rights

Each Preferred Share may, at the option of the holders, be converted at any time after the original issue date into fully-paid and non-assessable ordinary shares at certain conversion ratio to (i) adjustment for Share Splits and Combinations; (ii) adjustment for Ordinary Share Dividends and Distributions; (iii) adjustments of other dividends; (iv) adjustments for reorganisations, mergers, consolidations, reclassifications, exchanges, substitutions; (v) sales of shares below the conversion price; and (vi) dilutive events. Each Preferred Share shall automatically be converted into ordinary shares, at the applicable then-effective conversion price upon the earlier of (a) the closing of a qualified [**REDACTED**], or (b) the date specified by written consent or agreement of the holders of a majority of each round of preferred shares with respect to each round of Preferred Shares.

Liquidation preference

In the event of any liquidation, holders of the Preferred Shares shall be entitled to receive, prior and in preference to any distribution or payment shall be made to the holders of any ordinary shares, the liquidation preference amount per share is equal to one hundred percent (100%) of the original issue price on each Preferred Share, as the case may be, plus all dividends accrued and unpaid with respect thereto per Series A-2 to Angel Preferred Share then held by such holder.

Accounting for convertible redeemable preferred shares

The Company does not bifurcate any embedded derivatives from the host instruments and has designated the entire instruments as financial liabilities at fair value through profit or loss. Any directly attributable transaction costs are recognised as finance costs in the statement of profit or loss. Subsequent to initial recognition, the fair value change of the Preferred Shares is recognised in the statement of profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, if any. The directors of the Company considered that there was no material credit risk change during the Relevant Periods.

As at 31 December 2022, 2023 and 2024, the convertible redeemable preferred shares were classified as current liabilities because the holders of the Preferred Shares can convert the convertible redeemable preferred shares to ordinary shares within 12 months.

The movements of convertible redeemable preferred shares are set out as follows:

The Group and the Company

	Series Angel Preferred Shares	Series A Preferred Shares	Series A-1 Preferred Shares	Series A-2 Preferred Shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	122,375	99,969	87,222	–	309,566
Issuance of convertible redeemable preferred shares	–	–	31,823	80,867	112,690
Changes in fair value	18,024	15,381	9,613	1,119	44,137
Foreign exchange movement	12,097	9,913	11,512	7,625	41,147
As at 31 December 2022 and 1 January 2023	152,496	125,263	140,170	89,611	507,540
Changes in fair value	54,849	40,644	34,936	14,619	145,048
Foreign exchange movement	3,048	2,466	2,671	1,641	9,826
As at 31 December 2023 and 1 January 2024	210,393	168,373	177,777	105,871	662,414
Changes in fair value	95,881	63,350	43,828	18,691	221,750
Foreign exchange movement	3,850	2,982	2,978	1,718	11,528
At 31 December 2024	310,124	234,705	224,583	126,280	895,692

The Group applied the discount cash flow method and option pricing method to determine the fair value of the convertible redeemable preferred shares. Key assumptions are set out below:

	As at 31 December		
	2022	2023	2024
Discount rate	17.00%	16.00%	15.00%
Risk-free interest rate	4.12%	3.92%	4.51%
Volatility	55.84%	55.75%	60.07%
Discounts for lack of marketability ("DLOM")	24.89%	22.68%	21.14%

The discount rate was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systemic risk factors. The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with maturity close to the expected exit timing as at the valuation date. The DLOM was quantified by the Finnerty options model. Under this option pricing method, which assumed that the put option is struck at the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM. This option pricing method is one of the methods commonly used in estimating DLOM as it can take into consideration factors like timing of a liquidity event, such as an [**REDACTED**], and estimated volatility of our shares. The farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. The volatility was estimated based on annualised standard deviation of daily share price return of comparable companies for a period from the valuation date and with a similar span as time to expiration. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the Preferred Shares on the valuation date.

Management considered that fair value changes of convertible redeemable preferred shares that are attributable to changes of own credit risk of these instruments are not material.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

31 December 2022

Valuation technique	Significant unobservable inputs	Inputs	Increase/(decrease) in the inputs	Sensitivity of fair value to the inputs
			(%)	*RMB'000*
Discount cash flow method and option pricing method	Discount rate	17.00%	1/(1)	(7,968)/9,452
	Risk-free interest rate	4.12%	1/(1)	(593)/619
	DLOM	24.89%	1/(1)	(942)/942
	Volatility	55.84%	1/(1)	(102)/100

31 December 2023

Valuation technique	Significant unobservable inputs	Inputs	Increase/(decrease) in the inputs	Sensitivity of fair value to the inputs
			(%)	*RMB'000*
Discount cash flow method and option pricing method	Discount rate	16.00%	1/(1)	(10,379)/12,382
	Risk-free interest rate	3.92%	1/(1)	(576)/601
	DLOM	22.68%	1/(1)	(1,180)/1,180
	Volatility	55.75%	1/(1)	(57)/54

31 December 2024

Valuation technique	Significant unobservable inputs	Inputs	Increase/(decrease) in the inputs	Sensitivity of fair value to the inputs
			(%)	*RMB'000*
Discount cash flow method and option pricing method	Discount rate	15.00%	1/(1)	(14,092)/16,885
	Risk-free interest rate	4.51%	1/(1)	(427)/444
	DLOM	21.14%	1/(1)	(1,552)/1,552
	Volatility	60.07%	1/(1)	(1)/(2)

25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Financial assets at fair value through profit or loss	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	62	4,800	4,862
Deferred tax charged/(credited) to profit or loss during the year	54	(2,264)	(2,210)
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	116	2,536	2,652
Deferred tax charged/(credited) to profit or loss during the year	277	(1,791)	(1,514)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	393	745	1,138
Deferred tax credited to profit or loss during the year	(28)	(130)	(158)
Gross deferred tax liabilities at 31 December 2024	365	615	980

Deferred tax assets

	Lease liabilities	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	4,800	62	4,862
Deferred tax (charged)/credited to profit or loss during the year	(2,264)	54	(2,210)
Gross deferred tax assets at 31 December 2022 and 1 January 2023	2,536	116	2,652
Deferred tax (charged)/credited to profit or loss during the year	(1,811)	297	(1,514)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	725	413	1,138
Deferred tax charged to profit or loss during the year	(110)	(48)	(158)
Gross deferred tax assets at 31 December 2024	615	365	980

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–
Total	–	–	–

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Deferred tax assets have not been recognised with respect to tax losses and deductible temporary differences for certain subsidiaries, refer to note 10.

26. SHARE CAPITAL

Authorised

	Number of ordinary shares	Nominal value of ordinary shares
		US$'000
As at 31 December 2022, 31 December 2023 and 31 December 2024	4,302,901,390	43

The number of ordinary shares was further amended to 4,232,292,820 after the designating of 70,608,570 ordinary shares to Series B Preferred Shares in April 2025.

Issued and fully paid

	Number of ordinary shares	Nominal value of ordinary shares
		US$'000
As at 31 December 2022, 31 December 2023 and 31 December 2024	810,000,000	8

As at 31 December 2022, 2023 and 2024, 810,000,000 ordinary shares had been issued at par value US$0.00001 per share while these ordinary shares were paid in 24 August 2021 at price of US$0.00001 with total consideration of US$8,100.

27. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the Historical Financial Information.

(b) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(c) Capital reserve

On 22 February 2021, 144,000,000 ordinary shares with a consideration of US$1,440 were transferred by Jaya Skypiea wholly owned by Mr. Wang indirectly to the controlling shareholder Ms. Lyu. All the award shares have been vested and settled without subject to further conditions. As the consideration paid by Ms. Lyu to subscribe the ordinary shares was lower than the fair value of the shares, the Group deemed this transaction as equity-settled share-based compensation and recognised compensation charges of RMB38,180,000 in 2021.

On 8 March 2021, the Company issued 100,000,000 Series Angel-1 Preferred Shares at US$0.0154 per share with a total consideration of US$1,543,329 to Water Seven wholly owned by a family trust with the controlling shareholders. All the award shares have been vested and settled without subject to further conditions. As the consideration paid by Water Seven to subscribe the shares was lower than the fair value of the shares, the Group deemed this transaction as equity-settled share-based compensation and recognised compensation charges of RMB18,961,000 in 2021.

The amounts of the Company's reserves and the movements therein for each of the Relevant Periods are presented as follows:

The Company

	Capital reserve	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	57,141	–	1,681	(41,691)	17,131
Loss for the year	–	–	–	(44,539)	(44,539)
Other comprehensive loss for the year	–	–	(5,680)	–	(5,680)
Total comprehensive loss for the year	–	–	(5,680)	(44,539)	(50,219)
Equity-settled share option arrangements	–	1,696	–	–	1,696
As at 31 December 2022 and 1 January 2023	57,141	1,696	(3,999)	(86,230)	(31,392)
Loss for the year	–	–	–	(145,054)	(145,054)
Other comprehensive loss for the year	–	–	(2,750)	–	(2,750)
Total comprehensive loss for the year	–	–	(2,750)	(145,054)	(147,804)
Equity-settled share option arrangements	–	7,248	–	–	7,248

	Capital reserve	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 and 1 January 2024	57,141	8,944	(6,749)	(231,284)	(171,948)
Loss for the year	–	–	–	(221,778)	(221,778)
Other comprehensive loss for the year	–	–	(5,195)	–	(5,195)
Total comprehensive loss for the year	–	–	(5,195)	(221,778)	(226,973)
Equity-settled share option arrangements	–	10,145	–	–	10,145
As at 31 December 2024	57,141	19,089	(11,944)	(453,062)	(338,776)

28. SHARE-BASED PAYMENTS

In February 2021, the board of directors of the Company approved the establishment of the [**REDACTED**] Global Share Plan, with the purpose of attracting, motivating, retaining and rewarding certain employees. The maximum number of shares that may be issued under this option scheme shall be 90,000,000 ordinary shares. The share option scheme was effective since 2021, authorising the board of directors of the Company at their discretion to grant employees of the Group options at agreed considerations to subscribe for shares of the Company.

The share options shall vest in four years with graded vesting terms, on conditions that employees remain in service with satisfactory performance. If eligible employees resign before the [**REDACTED**] except for by cause as defined in the option rules, the controlling shareholder or parties designated by the controlling shareholder have the right to repurchase and those resigned employees have to sell the options granted at the price far below the fair value. Therefore, the period from the grant date to the [**REDACTED**] date constitutes an implied service period.

The share options granted shall be exercisable when the following conditions are met: (i) after the completion of [**REDACTED**] by the Company, (ii) the expiration of the corresponding vesting period, (iii) for Type A vesting schedule, the first tranche of certain percentage (25%, 50%, 75% or 100%) on the first anniversary based on the performance and the remaining equal tranche of 25% over periods of remaining anniversaries based on the performance; for Type B vesting schedule, the first tranche of 50% on the second anniversary based on the performance and the two equal tranches of 25% over periods of two anniversaries based on the performance.

The following shares were outstanding under the share option scheme during the Relevant Periods:

	Number of options
As at 1 January 2022	–
Granted during the year	41,018,599
As at 31 December 2022 and 1 January 2023	41,018,599
Granted during the year	5,377,500
As at 31 December 2023 and 1 January 2024	46,396,099
Granted during the year	13,025,599
Forfeited during the year	(1,147,500)
As at 31 December 2024	58,274,198

During the years ended 31 December 2022, 2023 and 2024, the Group recognised share-based compensation expenses of RMB1,696,000, RMB7,248,000 and RMB10,145,000, respectively.

The exercise prices and exercise periods of the share options outstanding as at the end of each the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
Number of options	41,018,599	46,396,099	58,274,198
Exercise price	US$0.0001	US$0.0001	US$0.0001
Weighted average remaining contractual life	3.81 years	3.13-3.44 years	1.75-2.88 years

The fair value of options granted during the Relevant Periods is estimated on the dates of grant using the binomial model with the following assumptions used:

	2022	2023	2024
Expected volatility	59.66%	58.16%-58.98%	58.36%-58.90%
Risk-free interest rate	3.80%	3.48%-4.59%	3.80%-4.20%
Exercise multiple	2.2-2.8	2.2-2.8	2.2-2.8
Expected forfeiture rate	0%-1.97%	0%-1.97%	0%-1.97%
Weighted average share price	US$0.08	US$0.08-US$0.10	US$0.10-US$0.15
Expected life of options	10 years	10 years	10 years

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,450,000, nil and RMB4,661,000, respectively, in respect of lease agreements.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing bank borrowings	Lease liabilities	Convertible redeemable preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	19,780	309,566	329,346
Changes from financing cash flows	992	(6,224)	112,690	107,458
Changes in fair value	–	–	44,137	44,137
Foreign exchange movement	–	–	41,147	41,147
New leases	–	3,450	–	3,450
Interest expense	8	666	–	674
Revision of lease terms	–	(5,770)	–	(5,770)
At 31 December 2022	1,000	11,902	507,540	520,442

	Interest-bearing bank borrowings	Amounts due to a related party	Lease liabilities	Convertible redeemable preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,000	–	11,902	507,540	520,442
Changes from financing cash flows	41,918	2,103	(6,436)	–	37,585
Changes in fair value	–	–	–	145,048	145,048
Foreign exchange movement	–	–	–	9,826	9,826
Interest expense	582	–	300	–	882
Revision of lease terms	–	–	(2,319)	–	(2,319)
At 31 December 2023	43,500	2,103	3,447	662,414	711,464

	Interest-bearing bank borrowings	Amounts due to a related party	Lease liabilities	Convertible redeemable preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	43,500	2,103	3,447	662,414	711,464
Changes from financing cash flows	29,009	597	(4,782)	–	24,824
Changes in fair value	–	–	–	221,750	221,750
Foreign exchange movement	–	–	–	11,528	11,528
New leases	–	–	4,661	–	4,661
Interest expense	1,491	–	165	–	1,656
Revision of lease terms	–	–	(956)	–	(956)
At 31 December 2024	74,000	2,700	2,535	895,692	974,927

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	(1,334)	(2,011)	(1,051)
Within financing activities	(6,224)	(6,436)	(4,782)
Total	(7,558)	(8,447)	(5,833)

30. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related party	Relationship with the Group
Mr. Yao Xin	Executive director, chairman of the board, chief executive officer, controlling shareholder and the spouse of Ms. Lyu
Ms. Lyu Shanshan	Non-executive director, controlling shareholder and the spouse of Mr. Yao

(b) Related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Notes	As at 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Loan to:				
Mr. Yao Xin	*18*	–	23,000	–
Interest on loan to:				
Mr. Yao Xin	*18*	–	–	736
Loan from:				
Ms. Lyu Shanshan	*22*	–	2,103	597

(c) Outstanding balances with related parties

The Group

	Notes	As at 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Due from a related party:				
Non-trade related				
Mr. Yao Xin	*18*	–	23,000	23,736
Due to a related party:				
Non-trade related				
Ms. Lyu Shanshan	*22*	–	2,103	2,700

The Company

	As at 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from a subsidiary:			
Non-trade related			
PPlabs Hong Kong Limited	–	1,923	1,951

In 2023 and 2024, the Company provided an advance receivable amounting to RMB1,923,000 and RMB28,000 to PPlabs Hong Kong Limited. The non-trade amounts due from the subsidiary are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group

	As at 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	3,410	4,368	5,727
Pension scheme contributions and social welfare	220	224	253
Share-based payment expenses	103	408	409
Total	3,733	5,000	6,389

Further details of directors' remuneration are included in note 8 to the Historical Financial Information.

31. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any significant contractual commitments.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2022

Financial assets

The Group	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	72,594	72,594
Financial assets included in prepayments, other receivables and other assets	–	1,757	1,757
Cash and cash equivalents	–	109,054	109,054
Time deposits	–	28,909	28,909
Financial assets at fair value through profit or loss	103,347	–	103,347
Total	103,347	212,314	315,661

Financial liabilities

The Group	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	27,337	27,337
Interest-bearing bank borrowings	–	1,000	1,000
Convertible redeemable preferred shares	507,540	–	507,540
Financial liabilities included in other payables and accruals	–	44	44
Total	507,540	28,381	535,921

As at 31 December 2023

Financial assets

The Group	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	90,862	90,862
Financial assets included in prepayments, other receivables and other assets	–	24,817	24,817
Cash and cash equivalents	–	45,772	45,772
Pledged deposits	–	1,529	1,529
Time deposits	–	68,952	68,952

The Group	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	90,471	–	90,471
Total	90,471	231,932	322,403

Financial liabilities

The Group	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	35,383	35,383
Interest-bearing bank borrowings	–	43,500	43,500
Convertible redeemable preferred shares	662,414	–	662,414
Financial liabilities included in other payables and accruals	–	2,493	2,493
Total	662,414	81,376	743,790

As at 31 December 2024

Financial assets

The Group	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	150,130	150,130
Financial assets included in prepayments, other receivables and other assets	–	27,184	27,184
Cash and cash equivalents	–	113,987	113,987
Pledged deposits	–	17,638	17,638
Time deposits	–	36,019	36,019
Financial assets at fair value through profit or loss	16,765	–	16,765
Total	16,765	344,958	361,723

Financial liabilities

The Group	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	–	95,352	95,352
Interest-bearing bank borrowings	–	74,000	74,000
Convertible redeemable preferred shares	895,692	–	895,692
Financial liabilities included in other payables and accruals	–	3,949	3,949
Total	895,692	173,301	1,068,993

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The finance manager of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

For the methods and assumptions used to estimate the fair values of convertible redeemable preferred shares, details are disclosed in note 24 to the Historical Financial Information.

The Group invests in wealth management product investments, which represent wealth management products issued by banks and other financial institutions. The Group has estimated the fair value of these investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	103,347	–	103,347

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	90,471	–	90,471

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	16,765	–	16,765

Liabilities measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	507,540	507,540

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	662,414	662,414

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	–	–	895,692	895,692

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, interest-bearing bank borrowings, convertible redeemable preferred shares and cash and cash equivalents, time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The functional currency of the Company and its subsidiaries incorporated in the Cayman Islands, Hong Kong, and Singapore is US$, the Group is exposed to foreign currency risk with respect to transactions denominated in currencies other than US$. In addition, in Mainland China, the Group principally conducts business in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in USD/RMB rate	Increase/(decrease) in loss before tax/equity
	%	*RMB'000*
Year ended 31 December 2022		
If the RMB weakens against the USD	5	2,142
If the RMB strengthens against the USD	(5)	(2,142)
Year ended 31 December 2023		
If the RMB weakens against the USD	5	2,838
If the RMB strengthens against the USD	(5)	(2,838)
Year ended 31 December 2024		
If the RMB weakens against the USD	5	2,675
If the RMB strengthens against the USD	(5)	(2,675)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	72,594	72,594
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,757	–	–	–	1,757
Time deposits	28,909	–	–	–	28,909
Cash and cash equivalents	109,054	–	–	–	109,054
Total	139,720	–	–	72,594	212,314

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	90,862	90,862
Financial assets included in prepayments, other receivables and other assets					
– Normal**	24,817	–	–	–	24,817
Time deposits	68,952	–	–	–	68,952
Pledged deposits	1,529	–	–	–	1,529
Cash and cash equivalents	45,772	–	–	–	45,772
Total	141,070	–	–	90,862	231,932

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	150,130	150,130
Financial assets included in prepayments, other receivables and other assets					
– Normal**	27,184	–	–	–	27,184
Time deposits	36,019	–	–	–	36,019
Pledged deposits	17,638	–	–	–	17,638
Cash and cash equivalents	113,987	–	–	–	113,987
Total	194,828	–	–	150,130	344,958

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 17 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector.

At the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 32.84%, 42.73% and 30.94% of the Group's trade receivables were due from the Group's largest customer and 88.55%, 93.56% and 88.13% of the Group's trade receivables were due from the Group's five largest customers, respectively.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

31 December 2022

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	27,337	–	–	27,337
Lease liabilities	7,567	4,567	–	12,134
Interest-bearing bank borrowings	1,036	–	–	1,036
Convertible redeemable preferred shares	507,540	–	–	507,540
Financial liabilities included in other payables and accruals	44	–	–	44
Total	543,524	4,567	–	548,091

31 December 2023

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	35,383	–	–	35,383
Lease liabilities	2,894	624	–	3,518
Interest-bearing bank borrowings	44,806	–	–	44,806
Convertible redeemable preferred shares	662,414	–	–	662,414
Financial liabilities included in other payables and accruals	2,493	–	–	2,493
Total	747,990	624	–	748,614

31 December 2024

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	95,352	–	–	95,352
Lease liabilities	2,569	–	–	2,569
Interest-bearing bank borrowings	75,799	–	–	75,799
Convertible redeemable preferred shares	895,692	–	–	895,692
Financial liabilities included in other payables and accruals	3,949	–	–	3,949
Total	1,073,361	–	–	1,073,361

Capital management

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

35. EVENTS AFTER THE RELEVANT PERIODS

On 31 March 2025, the Company granted outstanding options under the [**REDACTED**] Global Share Plan to certain participants to subscribe for an aggregate of 12,571,215 options. The exercise price of the options under the [**REDACTED**] Global Share Plan is US$0.0001 per share.

In April 2025, the Company issued 70,608,570 Series B Preferred Shares at US$0.2974 per share to Harvest Oriental and LCV Pathfinder with total considerations of US$21,000,000.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies and Available on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place (which, in the case of a virtual meeting, includes a virtual place), the day and the hour of the meeting,

particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place (whether physical or virtual) specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place (whether physical or virtual).

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place (whether physical or virtual) for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place (which, in the case of a virtual meeting, includes a virtual place) at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down

or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for

that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 May 2019 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and

liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated in Cayman Islands with limited liability as offshore holding company on May 6, 2019, with our registered office located at Fifth Floor, Zephyr House, 122 Mary Street, Georgetown, P.O. Box 31493, Grand Cayman KYI-1206, Cayman Islands.

We have established a place of business in Hong Kong at 46F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and [was registered] as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Mr. Chow Shing Lung is our process agent for the acceptance of services of process and notices on behalf of our Company in Hong Kong.

As our company is an entity established and registered in Cayman Islands, we are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant aspects of laws and regulations of the Cayman Islands and our Articles of Association is set out in Appendix III to this document.

B. Changes in the Share Capital of our Company

Save as disclosed in the "History, Development and Corporate Structure—Corporate Development—Our Company" in this document, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

C. Our Subsidiaries

(a) Subsidiaries

Certain details of our principal subsidiaries are set forth in the Accountant's Report in Appendix I to this document.

(b) Changes in the share capital of subsidiaries

There has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

Save for the subsidiaries mentioned in the Accountant's Report set out in Appendix I to this document, our Company has no other subsidiaries.

D. Resolutions of the Shareholders of our Company dated [●]

On [●], the Shareholders of our Company passed, among other things, the following resolutions:

(a) the Memorandum and the Articles were approved and adopted conditional on and immediately prior to the [**REDACTED**] on the [**REDACTED**];

(b) the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] were approved, and our Directors were authorized to negotiate and agree the [**REDACTED**] and to allot and issue the [**REDACTED**] (including pursuant to the [**REDACTED**]);

(c) a general mandate (the "**Issue Mandate**") was granted to our Directors to allot, issue and deal with any Shares or securities convertible into Shares (including the power to sell or transfer any treasury shares, and to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued or treasury shares to be sold or transferred) and to make or grant offers, agreements or options which would or might require Shares to be allotted, issued or dealt with, provided that the number of Shares so allotted, issued or dealt with or agreed to be allotted, issued or dealt with by our Directors, shall not exceed 20% of the total number of Shares (excluding treasury shares of the Company, if any) in issue immediately following the completion of [**REDACTED**];

(d) a general mandate (the "**Repurchase Mandate**") was granted to our Directors to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares (excluding treasury shares of the Company, if any) in issue immediately following completion of the [**REDACTED**];

(e) the Issue Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the [**REDACTED**].

Each of the general mandates referred to above will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the Memorandum and Articles of our Company; and

(iii) the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

E. Repurchase of our Shares

This section sets out information required by the Stock Exchange to be included in this document concerning the repurchase by us of our own Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own Shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of shares (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the [**REDACTED**], with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not make a new issue or announce a proposed new issue of shares for a period of 30 days after any repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the listed company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the company resolve to hold the shares purchased by the company as treasury shares, shares purchased by the company shall be treated as cancelled and the amount of the company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Act.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including the number of shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing its shares from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling its shares to the company.

(b) Reasons for Repurchase

Our Directors believe that it is in the best interest of us and our Shareholders for our Directors to have general authority from the Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of our Company or out of a new issuance of Shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and no Shares are issued under the [**REDACTED**] Global Share Plan, could accordingly result in up to approximately [**REDACTED**] Shares being repurchased by our Company during the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

(ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

(iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.

No core connected person, as defined in the Listing Rules, has notified us that he/she or it has a present intention to sell his/her or its Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of a repurchase of our Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document which are or may be material, and a copy of each has been delivered to the Registrar of Companies in Hong Kong for registration:

(1) the exclusive business cooperation agreement dated March 12, 2021 entered into between Shanghai DAO Network Technology Co., Ltd.* (上海道奧網絡科技有限公司) ("**Shanghai DAO**") and Zhuichu Network Technology (Shanghai) Co., Ltd.* 綴初網路技術(上海)有限公司 ("**PPIO Shanghai**"), pursuant to which Shanghai DAO agreed to provide business supports, technical services and consultation services to PPIO Shanghai in exchange for service fees ("**Exclusive Business Cooperation Agreement**")

(2) the exclusive option agreement dated March 12, 2021 entered into among Shanghai DAO, Lyu Shanshan (呂姍姍) ("**Ms. Lyu**"), Wang Wenyu (王聞宇) ("**Mr. Wang**") and PPIO Shanghai, pursuant to which Ms. Lyu and Mr. Wang agreed to grant Shanghai DAO an irrevocable and exclusive right to acquire, without additional conditions, from Ms. Lyu and Mr. Wang any or all of their respective equity interests in PPIO Shanghai, and PPIO Shanghai agreed to grant Shanghai DAO an irrevocable and exclusive right to acquire, without additional conditions, from PPIO Shanghai any or all of its assets at the lowest purchase price that is permitted by the PRC law ("**Exclusive Option Option Agreement**");

(3) the power of attorney dated March 12, 2021, executed by Ms. Lyu, pursuant to which Ms. Lyu irrevocably and unconditionally appointed Shanghai DAO as her proxy to exercise all her rights as the shareholder of PPIO Shanghai ("**Lyu's POA**");

(4) the power of attorney dated March 12, 2021, executed by Mr. Wang, pursuant to which Mr. Wang irrevocably and unconditionally appointed Shanghai DAO as his proxy to exercise all his rights as the shareholder of PPIO Shanghai ("**Wang's POA**");

(5) the equity pledge agreement dated March 12, 2021 entered into among Shanghai DAO, Ms. Lyu, Mr. Wang, and PPIO Shanghai, pursuant to which Ms. Lyu and Mr. Wang agreed to pledge all of their respective equity interests in PPIO Shanghai to Shanghai DAO as a charge to guarantee the performance of the contractual obligations under the exclusive business cooperation agreement, the exclusive option agreement and the power of attorney ("**Equity Pledge Agreement**");

(6) the spouse undertaking dated March 12, 2021 executed by Yao Xin (姚欣) ("**Mr. Yao**"), pursuant to which he unconditionally agreed to the arrangements made by Ms. Lyu under a series of agreements (including Equity Pledge Agreement, Exclusive Option Agreement and Lyu's POA) in relation to her equity interests in PPIO Shanghai held and to be held under her name and he undertook not to take any action to compromise the aforementioned agreements;

(7) the spouse undertaking dated March 12, 2021 executed by Li Min (李敏) ("**Ms. Li**"), pursuant to which she unconditionally agreed to the arrangements made by Mr. Wang under a series of agreements (including Equity Pledge Agreement, Exclusive Option Agreement and Wang's POA) in relation to his equity interests in PPIO Shanghai held and to be held under his name and she undertook not to take any action to compromise the aforementioned agreements;

(8) a loan agreement dated March 12, 2021 entered into between Shanghai DAO and Ms. Lyu, pursuant to which Shanghai DAO agreed to lend a loan in the sum of RMB5 million to Ms. Lyu ("**Loan Agreement**");

(9) the supplemental agreement to a series of agreements such as the Exclusive Option Agreement entered into on June 10, 2025 among Shanghai DAO, Ms. Lyu, Mr. Wang and PPIO Shanghai, pursuant to which the parties further specify and clarify the rights and obligations under the Exclusive Option Agreement, the Exclusive Business Cooperation Agreement, Lyu's POA, Wang's POA and the Loan Agreement;

(10) the deed of termination entered into on June 6, 2025 among PPLabs Technology Limited, PPLabs HongKong Limited, Shanghai DAO Network Technology Co., Ltd., PPIO Cloud (Shanghai) Co., Ltd., Generative Era Technology (Shanghai) Co., Ltd., Shanghai PAI Network Co., Ltd., Water Seven Investment Limited, PPIO Millennium Technology Holdings Limited, BRV Aster Fund III, L.P., ALPHAX PARTNERS FUND I, L.P., Hua Capital Fund I L.P., Ivision Ventures I L.P., CCV Fund II LP, Everjoy Fortune Pte. Ltd. Panlin Group Limited, Panlin Capital Fund II L.P., Tianjin Feidian Zhuichu Venture Capital L.P., HARVEST INTERNATIONAL PREMIUM VALUE) (SECONDARY MARKET) FUND SPC HARVEST ORIENTAL SP, LCV Pathfinder Fund, L.P., Xin (Bill) YAO (姚欣), Wenyu Wang (王聞宇), Patty William Limited, Jaya Skypiea Limited, PP Future Technology Holdings Limited, IMO Global Growth Fund SPC on account of IMO Ventures Fund IV SP, pursuant to which, the parties thereto agreed, among other things, to terminate the divestment rights and other special rights; and

(11) the [**REDACTED**].

B. Intellectual Property Rights

(a) Patent

As of the Latest Practicable Date, we have the following patents which are considered by us to be or may be material to our business:

No.	Patent	Registered Owner	Patent No.	Type	Validation Period
1 . .	Edge cloud server loss prediction method and device (邊緣雲服務器流失預測方法及裝置)	PPIO Shanghai	2022116388581	Invention Patent	20 years from December 20, 2022
2 . .	Network isolation method and device for sharing public network IP under edge scene (邊緣場景下共享公網IP的網絡隔離方法及裝置)	PPIO Shanghai	2022109908172	Invention Patent	20 years from August 18, 2022
3 . .	File transmission method and device based on multiple paths (基於多路徑的文件傳輸方法及裝置)	PPIO Shanghai	2022112420677	Invention Patent	20 years from October 11, 2022
4 . .	Bandwidth allocation method and system for reducing network cost (一種降低網絡成本的帶寬分配方法及系統)	PPIO Shanghai	2022109297037	Invention Patent	20 years from August 3, 2022
5 . .	Non-invasive dynamic flow balancing method (一種非侵入式的動態流量均衡方法)	PPIO Shanghai	2022117120594	Invention Patent	20 years from December 29, 2022
6 . .	Edge cloud resource dynamic scheduling method and device based on damage rate prediction (基於折損率預測的邊緣雲資源動態調度方法及裝置)	PPIO Shanghai	2022116304660	Invention Patent	20 years from December 19, 2022

No.	Patent	Registered Owner	Patent No.	Type	Validation Period
7 . .	Request dynamic scheduling method under cloud-edge cooperative cloud game scene (一種雲邊協同雲遊戲場景下的請求動態調度方法)	PPIO Shanghai	2022114890107	Invention Patent	20 years from November 25, 2022
8 . .	Method for measuring actual available bandwidth in edge cloud network (一種邊緣雲網絡中測量實際可用帶寬的方法)	PPIO Shanghai	2022104364957	Invention Patent	20 years from April 22, 2022
9 . .	Method and storage medium for adaptively adjusting lines in unstable multi-line scene (一種在不穩定多線路場景下自適應調節線路的方法、存儲介質)	PPIO Shanghai	2022103312527	Invention Patent	20 years from March 30, 2022
10 .	Network resource optimization method and device for edge cloud running scene (邊緣雲混跑場景的網絡資源優化方法及裝置)	PPIO Shanghai	2022116244212	Invention Patent	20 years from December 16, 2022
11 .	A personalized recommendation method based on mobile social network tree-like transmission path (一種基於移動社交網絡樹狀傳輸路徑的個性化推薦方法)	PPIO Shanghai	2020101025783	Invention Patent	20 years from February 19, 2020

No.	Patent	Registered Owner	Patent No.	Type	Validation Period
12 .	A kind of digital asset method of commerce and its storage medium based on trusted third party (一種基於可信第三方的數字資產交易方法及其存儲介質)	PPIO Shanghai	2019101284361	Invention Patent	20 years from February 21, 2019
13 .	Block chain multi-level framework based on storage application scene and operation method thereof (一種基於存儲應用場景的區塊鏈多層級構架及其運行方法)	PPIO Shanghai	2019100907755	Invention Patent	20 years from January 30, 2019
14 .	Method, system and readable storage medium for providing communication between devices in multiple local area networks (在多重局域網內提供設備間通信的方法、系統及可讀存儲介質)	PPIO Shanghai	2021104507481	Invention Patent	20 years from April 26, 2021
15 .	Internet of things multi-user computing unloading method supporting edge computing (支持邊緣計算的物聯網多用戶計算卸載方法)	PPIO Shanghai	2019112240757	Invention Patent	20 years from December 3, 2019
16 .	A Traffic Application Awareness Platform Based on Cooperative Sampling (基於協同採樣的流量應用感知平台)	PPIO Shanghai	2019100618331	Invention Patent	20 years from January 23, 2019

No.	Patent	Registered Owner	Patent No.	Type	Validation Period
17 .	Edge network equipment caching method based on attention mechanism reinforcement learning (一種基於注意力機制強化學習的邊緣網絡設備緩存方法)	PPIO Shanghai	2021106722196	Invention Patent	20 years from June 17, 2021
18 .	Lightweight capacity proving method based on directed acyclic graph and storage medium (基於有向無環圖的輕量級容量證明方法及存儲介質)	PPIO Shanghai	2019101351544	Invention Patent	20 years from February 21, 2019
19 .	Block chain-based edge node training method, block chain and storage medium (基於區塊鏈的邊緣節點訓練方法、區塊鏈及存儲介質)	PPIO Shanghai	2020100349200	Invention Patent	20 years from January 13, 2020
20 .	Integrity intelligent network training method based on edge cooperation (基於邊緣協同的誠信智能網絡訓練方法)	PPIO Shanghai	2021100850631	Invention Patent	20 years from January 21, 2021
21 .	Calculation network fusion network model system (算網融合網絡模型系統)	PPIO Shanghai	2020103907730	Invention Patent	20 years from May 11, 2020
22 .	Mobile network edge cooperative cache model construction method based on machine learning (一種基於機器學習的移動網絡邊緣協作緩存模型構造方法)	PPIO Shanghai	201910277048X	Invention Patent	20 years from April 8, 2019

No.	Patent	Registered Owner	Patent No.	Type	Validation Period
23 .	A game theory-based optimization method for mobile cloud game resources (一種基於博弈論的移動雲遊戲資源優化方法)	PPIO Shanghai	2019100486366	Invention Patent	20 years from January 18, 2019
24 .	Self-adaptive selection and resource allocation method for anchor nodes in social network (一種社交網絡中錨定節點的自適應選取和資源分配方法)	PPIO Shanghai	2020105907576	Invention Patent	20 years from June 24, 2020
25 .	Edge cloud resource scheduling method, device and system managed and controlled by edge autonomous center (邊緣自治中心管控的邊雲資源調度方法、裝置及系統)	PPIO Shanghai	2020115969507	Invention Patent	20 years from December 29, 2020
26 .	Selection and allocation mechanism of high-influence users in multi-mobile social networks based on edge-cloud collaboration model (基於邊雲協同模式的多移動社交網絡中高影響力用戶的選擇和分配機制)	PPIO Shanghai	202010596399X	Invention Patent	20 years from June 28, 2020
27 .	Cloud Storage (雲存儲器)	PPIO Shanghai	2019301260495	Design Patent	15 years from March 25, 2019

(b) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our Group's business:

No.	Trademark	Registered Owner	Class	Registration Number	Application/ Registration Date	Place of Application/ Registration	Expiry Date
1 . . .	生成时代	PPIO Shanghai	42	74656494	April 7, 2024	PRC	April 6, 2034
2 . . .	生成时代	PPIO Shanghai	41	74653707	April 7, 2024	PRC	April 6, 2034
3 . . .	生成时代	PPIO Shanghai	9	74669070	April 7, 2024	PRC	April 6, 2034
4 . . .	生成时代	PPIO Shanghai	35	74657499	June 7, 2024	PRC	June 6, 2034
5 . . .		PPIO Shanghai	42	68877194	August 14, 2024	PRC	August 13, 2034
6 . . .		PPIO Shanghai	41	68888052	September 7, 2023	PRC	September 6, 2033
7 . . .		PPIO Shanghai	9	68882283	September 7, 2023	PRC	September 6, 2033
8 . . .	派欧云	PPIO Shanghai	38	67353540	March 14, 2023	PRC	March 13, 2033
9 . . .	派欧云	PPIO Shanghai	41	67353555	March 14, 2023	PRC	March 13, 2033
10. . .	派欧云	PPIO Shanghai	35	67360240	March 14, 2023	PRC	March 13, 2033
11. . .	派欧云	PPIO Shanghai	9	64645932	November 7, 2022	PRC	November 6, 2032
12. . .	派欧云	PPIO Shanghai	42	64635571	October 28, 2022	PRC	October 27, 2032
13. . .		PPIO Shanghai	38	43419318	November 14, 2020	PRC	November 13, 2030
14. . .		PPIO Shanghai	35	43454092	November 14, 2020	PRC	November 13, 2030
15. . .		PPIO Shanghai	9	43419156	November 14, 2020	PRC	November 13, 2030
16. . .		PPIO Shanghai	42	43430786	November 14, 2020	PRC	November 13, 2030

No.	Trademark	Registered Owner	Class	Registration Number	Application/ Registration Date	Place of Application/ Registration	Expiry Date
17. . .	PPIO	PPIO Shanghai	41	32570112	July 28, 2019	PRC	July 27, 2029
18. . .	PPIO	PPIO Shanghai	42	32565807	July 28, 2019	PRC	July 27, 2029
19. . .	PPIO	PPIO Shanghai	35	32565766	July 28, 2019	PRC	July 27, 2029

(c) Domain Name

As of the Latest Practicable Date, the following domain names have been registered in the name of the relevant members of our Group which are considered by us to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1. . . .	**pplabs.com**	PPIO Shanghai	March 25, 2026
2. . .	**ppio.cn**	PPIO Shanghai	March 25, 2026

(d) Copyright

As of the Latest Practicable Date, the following copyrights have been registered in the name of the relevant members of our Group which are considered by us to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1 . . .	PPIO Remote Access Utility Software (派歐PPIO 遠程登錄工具軟件)	PPIO Shanghai	2021SR0494001
2 . . .	PPIO Data Acquisition Software for Edge Computing Devices (派歐PPIO 邊緣計算設備數據採集軟件)	PPIO Shanghai	2021SR0501152
3 . . .	PPIO Utilization Query Analyzer Software (派歐PPIO 利用率查詢分析器軟件)	PPIO Shanghai	2021SR0501074
4 . . .	PPIO Network Configuration Tool Software (派歐 PPIO 網絡配置工具軟件)	PPIO Shanghai	2021SR0831337
5 . . .	PPIO Data Acquisition Software for Download Dispatch System (派歐PPIO 下載調度系統數據採集軟件)	PPIO Shanghai	2021SR0493941

No.	Copyright	Registered Owner	Registration Number
6 . . .	PPIO Resource Management Software for Download Dispatch System (派歐 PPIO 下載調度系統資源管理軟件)	PPIO Shanghai	2021SR0493999
7 . . .	PPIO Distribution Software for Download Dispatch System (派歐 PPIO 下載調度系統分配軟件)	PPIO Shanghai	2021SR0501075
8 . . .	PPIO HCDN Live Streaming Software (派歐PPIO HCDN 直播軟件)	PPIO Shanghai	2021SR0494004
9 . . .	PPIO HCDN Assistant software (PPIO 派歐 PPIO HCDN 助手軟件)	PPIO Shanghai	2021SR0501025
10 . .	PPIO Management Software for Edge Computing Device (派歐 PPIO 邊緣計算設備管理軟件)	PPIO Shanghai	2021SR0501026
11 . .	PPIO Management Applet Software for Edge Computing Device (派歐 PPIO 邊緣計算設備管理小程序軟件)	PPIO Shanghai	2021SR0501123
12 . .	PPIO Edge Computing Real-time Data Processing Software (派歐 PPIO 邊緣計算實時數據處理軟件)	PPIO Shanghai	2021SR0501153
13 . .	PPIO ECDN Live Streaming SDK Software (派歐PPIO ECDN 直播 SDK 軟件)	PPIO Shanghai	2021SR0494003
14 . .	PPIO Live Streaming Scheduling Service Software (派歐 PPIO ECDN 直播調度服務軟件)	PPIO Shanghai	2021SR0501024
15 . .	PPIO ECDN Download Edge Node Control Software (派歐PPIO ECDN 下載邊緣節點控制軟件)	PPIO Shanghai	2021SR0494002
16 . .	PPIO ECDN Live Streaming Web SDK Software (派歐 PPIO ECDN 直播 Web SDK 軟件)	PPIO Shanghai	2021SR0494005
17 . .	PPIO Live Streaming Sub-livestreaming Background Management Software (派歐PPIO 直播子流後台管理軟件)	PPIO Shanghai	2021SR0494000
18 . .	PPIO Automatic Reconciliation System (派歐PPIO 自助對賬系統)	PPIO Shanghai	2022SR1549091

No.	Copyright	Registered Owner	Registration Number
19 . .	PPIO Switch Remote Management System (派歐PPIO 交換機遠程管理系統)	PPIO Shanghai	2023SR0006240
20 . .	PPIO Edge Node Network Management System (派歐PPIO 邊緣節點網絡管理系統)	PPIO Shanghai	2023SR0012372
21 . .	PPIO Intelligent Dispatch System (派歐 PPIO 智能調度系統)	PPIO Shanghai	2023SR0488479
22 . .	PPIO Supplier Management Software (派歐PPIO 供應商管理軟件)	PPIO Shanghai	2023SR0943548
23 . .	PPIO Message Center Software (派歐 PPIO 消息中心軟件)	PPIO Shanghai	2023SR0948138
24 . .	PPIO Customer Console Software (派歐PPIO 客戶控制台軟件)	PPIO Shanghai	2023SR1548387
25 . .	PPIO Payment Software (派歐PPIO 支付軟件)	PPIO Shanghai	2023SR1528264
26 . .	PPIO Blogging Software (派歐PPIO 博客軟件)	PPIO Shanghai	2024SR0291467
27 . .	PPIO Supplier Self-Billing Software (派歐PPIO 供應商自助計費軟件)	PPIO Shanghai	2024SR0547329
28 . .	PPIO Test Case Generation Software (派歐PPIO 測試用例生成軟件)	PPIO Shanghai	2024SR0669124
29 . .	PPIO ECDN Customer Console Software (派歐PPIO ECDN 客戶控制台軟件)	PPIO Shanghai	2024SR0664389
30 . .	PPIO Domestic and Foreign Node Speed Measurement Software (派歐PPIO 國內外節點測速軟件)	PPIO Shanghai	2024SR0684862
31 . .	PPIO PAAS Business Data Warehousing Software (派歐PPIO PAAS 業務數據倉庫軟件)	PPIO Shanghai	2024SR0718989
32 . .	PPIO ZADIG-based and ALLURE-based Automatic Test Report Utility Software (派歐PPIO 基於ZADIG 和ALLURE 的自動化測試報告管家軟件)	PPIO Shanghai	2024SR0670422
33 . .	PPIO PASS Business PORTAL Console Software (派歐PPIO PASS 業務PORTAL 控制台軟件)	PPIO Shanghai	2024SR0684748

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors [has entered] into a service contract with our Company for a term of three years.

(b) Non-executive Director

Our non-executive Director [has entered] into a letter of appointment with our Company for a term of three years.

(c) Independent Non-executive Directors

Each of our independent non-executive Directors [has entered] into a letter of appointment with our Company for a term of three years.

Except as aforesaid, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

B. Directors' Remuneration

Save as disclosed in "Directors and Senior Management—Remuneration Policy" and under Note 8 to the financial information in the Accountant's Report set out in Appendix I to this document, no Director received any other fees, salaries, allowances, share based compensation, pension schemes contribution and other benefits in kind (if applicable) from our Company in respect of each of the year ended December 31, 2022, 2023 and 2024.

It is estimated that under the arrangements currently in force, total remuneration (including fees, salaries, pension schemes contribution and other benefits, excluding any share based compensation) in an amount of approximately RMB3.9 million will be payable by our Company to our Directors for the year ending December 31, 2025 for their services as our Directors.

There is no arrangement under which any Director has waived or agreed to waive any remuneration of benefits in kind during the Track Record Period.

4. DISCLOSURE OF INTERESTS

A. Substantial Shareholders

For information on the persons (other than our Directors and chief executive of our Company) who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see "Substantial Shareholder" for further details.

Save as disclosed above, our Directors and chief executive are not aware of any person, not being a Director and chief executive of our Company, who has an interest or short position in the shares and underlying shares of our Company which, once our Shares are [**REDACTED**], would have to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

B. Directors or Chief Executive

(a) Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the [REDACTED]

Immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no Shares are issued pursuant to the [**REDACTED**] Global Share Plan), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Nature of interest	Number of Shares after the [REDACTED]	Approximate percentage of interest in our Company immediately after the [REDACTED][(1)]
Mr. Yao[(2)]	Interest in controlled corporation/spouse interest/interest in a trust	[**REDACTED**]	[**REDACTED**]%
Ms. Lyu[(2)]	Interest in controlled corporation/spouse interest/interest in a trust	[**REDACTED**]	[**REDACTED**]%
Mr. Wang[(3)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
Mr. Li Zhe[(4)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%
Mr. Kong Jie[(5)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately after completion of the [**REDACTED**] (assuming full conversion of the Preferred Shares into Ordinary Shares on a one-to-one basis, the [**REDACTED**] is not exercised and no Shares are issued pursuant to the [**REDACTED**] Global Share Plan).

(2) Ms. Lyu is the spouse of Mr. Yao. Under the SFO, Ms. Lyu and Mr. Yao are deemed to be interested in the Shares held by each other. Patty William is wholly owned by Ms. Lyu. Thus, Ms. Lyu is deemed to be interested in the Shares held by Patty William under the SFO. Each of PP Future and Water Seven is owned as to 99.00% by Ant Colony that is wholly owned by the Yao Family Trust with Mr. Yao and

Ms. Lyu as beneficiaries and members of investment committee and protective committee. Based on the above, Mr. Yao and Ms. Lyu are deemed to be interested in the Shares held by Patty William, PP Future and Water Seven and are deemed to be interested in the Shares held by each other.

(3) Jaya Skypiea is wholly owned by Mr. Wang. Thus, Mr. Wang is deemed to be interested in the Shares held by Jaya Skypiea under the SFO.

(4) Mr. Li Zhe is interested in 888,889 share options granted to him under the [**REDACTED**] Global Share Plan.

(5) Mr. Kong Jie is interested in 3,000,000 share options granted to him under the [**REDACTED**] Global Share Plan.

(b) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, See "Substantial Shareholders".

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [**REDACTED**], be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

C. Disclaimers

Save as disclosed in this document:

(a) save as disclosed in "4. Disclosure of Interests" in this Appendix, none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which have, or are deemed to have, been taken under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to us and the Stock Exchange, in each case once our Shares are [**REDACTED**];

(b) none of our Directors is a director or employee of a company which is expected to have an interest in our Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are [**REDACTED**] on the Stock Exchange;

(c) none of our Directors nor any of the parties listed in "6. Other Information—F. Qualification of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(d) none of our Directors nor any of the parties listed in "6. Other Information—F. Qualification of Experts" of this Appendix is interested in our promotion, or in any assets which have, within two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(e) none of the parties listed in the paragraph headed "6. Other Information—F. Qualification of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

(f) none of our Directors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers for each year during the Track Record Period.

5. SHARE INCENTIVE SCHEME

[**REDACTED**] Global Share Plan

The [**REDACTED**] Global Share plan is not subject to Chapter 17 of the Listing Rules as it does not involve any issue of options or new Shares after [**REDACTED**]. The following is a summary of the principal terms of the [**REDACTED**] Global Share Plan.

(a) Purpose

The purposes of this the [**REDACTED**] Global Share Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by issuing them Shares or by permitting them to purchase Shares.

The [**REDACTED**] Global Share Plan permits the grant of (i) Options and (ii) Share Purchase Rights as the Administrator may determine.

For the purpose of the [**REDACTED**] *Global Share Plan,*

"Option" means an option to purchase Shares that is granted pursuant to the [**REDACTED**] *Global Share Plan;*

"Share Purchase Right" means a right to purchase Restricted Shares pursuant to the [**REDACTED**] *Global Share Plan;*

"Restricted Share" means Shares acquired pursuant to a share purchase right or Shares subject to a Company repurchase or redemption right or forfeiture provision that are issued pursuant to an Option; and

"Administrator" means the Board or any of its committees as shall be administering the [**REDACTED**] *Global Share Plan.*

(b) Maximum number of shares to be granted or issued

Subject to the adjustment of Shares under the [**REDACTED**] Global Share Plan, the maximum aggregate number of Shares that may be issued under the [**REDACTED**] Global Share Plan shall not exceed 90,000,000 Shares.

(c) Term of the* [REDACTED] *Global Share Plan

The Plan shall become effective upon its adoption by the Board. Unless sooner terminated, the [**REDACTED**] Global Share Plan shall continue in effect for a term of ten (10) years.

(d) Administration

The [**REDACTED**] Global Share Plan shall be administered by the Board or a committee appointed by the Board.

(e) Eligibility

Only Service Providers that are not U.S. persons, or trusts established in connection with any employee benefit plan of the Company (including the [**REDACTED**] Global Share Plan) for the benefit of a Service Provider, shall be eligible for the grant of Options and Share Purchase Rights. Non statutory stock Options may be granted to Service Providers only. Incentive stock options may be granted to Employees only. Any awards granted to Consultants may only be granted to natural persons.

For the purposes of this [**REDACTED**] *Global Share Plan,*

"Service Provider" means an Employee, Director, or Consultant;

*"Employee" means any person, including officers and Directors, employed by the Company or any parent corporation with respect to the Company (the "**Parent**") or subsidiary with respect to the Company (the "**Subsidiary**"). Neither service as a Director nor payment of a director's fee by the Company or any Parent or Subsidiary shall be sufficient to constitute "employment" by the Company or any Parent or Subsidiary; and*

"Consultant" means any person who is engaged by the Company or any Parent or Subsidiary to render consulting or advisory services to such entity.

(f) Terms and Conditions of Options

Award Agreement

Each grant of an Option under the [**REDACTED**] Global Share Plan shall be evidenced by an award agreement (the "**Award Agreement**") between the participant (the "**Participant**") and the Company. In case of any inconsistency between an Award Agreement and this [**REDACTED**] Global Share Plan, the terms and conditions under such Award Agreement shall prevail. Each Award Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number of Shares in accordance with the [**REDACTED**] Global Share Plan, the exercise price of the Options, the term of the Option; provided, however, that the term shall not exceed ten (10) years from the date of grant and shall not exceed the term of this [**REDACTED**] Global Share Plan, and the date when all or any instalment of the Option is to become exercisable.

Termination of Service

If a Participant ceases to be a Service Provider for any reason, then the Participant's Options shall expire immediately after such Participant's termination as a Service Provider unless the Administrator decides to extend such Participant's post-termination exercisability of an Option.

Restrictions on Transfer of Shares

Shares issued upon exercise of an Option shall be subject to such forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as the Administrator may determine.

(g) Terms and Conditions of Share Purchase Rights

Award Agreement

Each Share Purchase Right under the [**REDACTED**] Global Share Plan shall be evidenced by an Award Agreement between the Participant and the Company.

Duration of Offers and Non transferability of Share Purchase Rights

Any Share Purchase Rights granted under the Plan shall automatically expire if not exercised by the Participant within 30 days (or such longer time as is specified in the Award Agreement) after the Date of Grant. Share Purchase Rights shall not be transferable and shall be exercisable only by the Participant to whom the Share Purchase Right was granted.

Purchase Price

The Purchase Price shall be determined by the Administrator in its sole discretion.

Restrictions on Transfer of Shares

Any Shares awarded or sold pursuant to Share Purchase Rights shall be subject to such forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as the Administrator may determine.

(h) Non-transferability of Awards

Unless otherwise determined by the Administrator and so provided in the applicable Award Agreement (or be amended to provide), no award (the "**Award**") shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than by will or applicable laws of descent and distribution or (except in the case of an incentive stock Option) pursuant to a domestic relations order, and shall not be subject to execution, attachment, or similar process.

(i) Rights as a Shareholder

Until the Shares actually are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a member shall exist with respect to the Shares, notwithstanding the exercise of the Award. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in the [**REDACTED**] Global Share Plan.

The Participant shall irrevocably entrust the voting rights with respect to the Shares to CEO of the Company immediately after such Shares are issued.

(j) Exercise Period

The Participant may exercise the vested options within the exercise period and after the Company's first qualified [**REDACTED**].

(k) Outstanding Grants

As of the Latest Practicable Date, the total number of outstanding share options granted under the [**REDACTED**] Global Share Plan is 70,845,413 options, and if exercised in full, representing approximately 4.30% of the issued share capital of our Company immediately before completion of the [**REDACTED**], representing

approximately [**REDACTED**]% of the issued share capital of our Company immediately after completion of the [**REDACTED**] and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**].

The table below shows the details of share options granted to our Directors, members of our senior management and connected person under the [**REDACTED**] Global Share Plan:

Name	Relationship with our Group	Address	Date of Grant	Expiry date	No. of underlying shares pursuant to the options granted	Exercise price	Exercise Period	Approximate percentage of issued share capital of our Company immediately after the completion of the [REDACTED] assuming that the [REDACTED] is not exercised and no shares are issued pursuant to the [REDACTED] Global Share Plan
Li Zhe . .	Executive Director, General Manager of China Market	Room 402, No. 2, Lane 340 Mudan Road, Pudong New Area Shanghai, China	March 31, 2025	March 31, 2035	888,889	US$0.0001	From date of vesting to expiry date	[**REDACTED**]%
Kong Jie .	Proposed independent non-executive Director	Room 801, No. 5 Lane 28, Ouyang Road Hongkou District Shanghai, China	September 30, 2022	September 30, 2032	2,000,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
			March 31, 2023	March 31, 2033	1,000,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
Li Min . .	Spouse of Mr. Wang, executive Director	201, No. 11, Lane 1978, Yuqiao Road Pudong New Area Shanghai, China	September 30, 2022	September 30, 2032	3,500,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
Su Alice Jia . . .	Chief Financial Officer	Building 3, No. 3000, Longdong Road, Pudong New District, Shanghai, China	March 31, 2025	March 31, 2035	4,000,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%

Name	Relationship with our Group	Address	Date of Grant	Expiry date	No. of underlying shares pursuant to the options granted	Exercise price	Exercise Period	Approximate percentage of issued share capital of our Company immediately after the completion of the [REDACTED] assuming that the [REDACTED] is not exercised and no shares are issued pursuant to the [REDACTED] Global Share Plan
Wang Ting . .	Head of Human Resources	Building 10, No. 886, Xiupu Road, Pudong New Area, Shanghai, China	September 30, 2022	September 30, 2032	425,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
			September 30, 2022	September 30, 2032	1,275,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
			March 31, 2025	March 31, 2035	185,185	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
Chu Wan .	Finance Director, Joint Company Secretary	No. 143, Poly Ailu Community, No. 1688, Landian Road, Zhoupu Town, Pudong New District, Shanghai, China	September 30, 2022	September 30, 2032	170,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
			September 30, 2022	September 30, 2032	680,000	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
			March 31, 2025	March 31, 2035	118,356	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%

Save as disclosed above, no share options had been granted to our Directors, members of senior management or any connected persons under the [**REDACTED**] Global Share Plan.

Save as the six grantees disclosed above, the remaining 105 grantees who are not members of our Directors, members of our senior management or connected persons of our Company have been granted options to subscribe for 56,602,983 shares under the [**REDACTED**] Global Share Plan. Please refer to below table for details.

Range of outstanding options granted in lots	Total number of grantees	Date of Grant	Expiry date	No. of underlying shares pursuant to the options granted	Exercise price	Exercise Period	Approximate percentage of issued share capital of our Company immediately after the completion of the [REDACTED] assuming that the [REDACTED] is not exercised and no shares are issued pursuant to the [REDACTED] Global Share Plan
1 to 59,999	42	March 31, 2025	March 31, 2035	1,008,903	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
60,000 to 99,999 . .	10	From September 30, 2022 to March 31, 2025	From September 30, 2032 to March 31, 2035	810,243	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%
100,000 to 3,199,999	53	From September 30, 2022 to March 31, 2025	From September 30, 2032 to March 31, 2035	54,783,837	US$0.0001	From the date of vesting to expiry date	[**REDACTED**]%

As of the Latest Practicable Date, taking into account the options granted, repurchased and lapsed, 19,154,587 options could be further granted pursuant to the [**REDACTED**] Global Share Plan prior to the [**REDACTED**].

Assuming full exercise of the outstanding share options under the [**REDACTED**] Global Share Plan, the shareholding of our Shareholders and earnings per Share immediately following the [**REDACTED**] will be diluted by approximately [**REDACTED**]%, calculated based on [**REDACTED**] Shares in issue immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Application has been made to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, on the Main Board our shares which may be issued pursuant to the exercise of the share options granted under the [**REDACTED**] Global Share Plan.

Our Company has applied for, and [has been granted], (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. See "Waivers and Exemptions from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance" in this document for details.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty is likely to fall upon our Company or any members of our Group.

B. Litigation

As of the Latest Practicable Date, we are not involved in any material litigation, arbitration or administrative proceedings, and so far as our Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any members of our Group.

C. Joint Sponsors

The Joint Sponsors have made an application on behalf of us to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, all the Shares in issue and to be issued pursuant to the [**REDACTED**] (including the additional Shares which may be issued pursuant to the exercise of the [**REDACTED**] and the share options granted under the [**REDACTED**] Global Share Plan).

ICBC International Capital Limited and Shenwan Hongyuan Capital (H.K.) Limited, the Joint Sponsors, satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

We have entered into an engagement agreement with each of the Joint Sponsors, pursuant to which we agreed to pay a total of US$[**REDACTED**] to the Joint Sponsors to act as the joint sponsors to our Company in the [**REDACTED**].

D. Compliance Advisor

We have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We did not incur material preliminary expense.

F. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given their opinions or advice in this document, are as follows:

Name	Qualification
ICBC International Capital Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Shenwan Hongyuan Capital (H.K.) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Jia Yuan Law Offices	PRC Legal Advisor
Maples and Calder (Hong Kong) LLP	Cayman Islands legal advisor
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
China Insights Consultancy	Industry consultant

G. Promoters

We have no promoter for the purpose of the Listing Rules.

H. Consents of Experts

Each of the experts as referred to in "6. Other Information—F. Qualification of Experts" of this Appendix has given, and has not withdrawn, its respective written consents to the issue of this document with the inclusion of its reports and/or letter(s) and/or opinion(s) and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests in any members of our Group or the right (other than the penal provisions) of sections 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

I. No Material Adverse Change

Our Directors confirm that, after performing all due diligence work, there has been no material adverse change in our financial or operational position since December 31, 2024 and up to the date of this document.

J. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

K. Related Party Transactions

Within the two years immediately preceding the date of this document, we have entered into the related party transactions as described in Note 30 to the financial information in the Accountant's Report set out in Appendix I to this document.

L. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued or agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(f) within the two years immediately preceding the date of this document, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and

(i) none of the equity and debt securities of our Company, if any, is [**REDACTED**] or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to [**REDACTED**] being or proposed to be sought.

M. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in Appendix IV "Statutory and General Information—2. Further Information about our Business—A. Summary of Material Contracts" to this document; and

(b) the written consents referred to in Appendix IV "Statutory and General Information—6. Other information—H. Consents of Experts" to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange (**www.hkexnews.hk**) and our Company's website (**http://pplabs.com**) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the accountant's report for the three years ended December 31, 2022, 2023 and 2024 prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2022, 2023 and 2024;

(d) the report prepared by Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the legal opinion issued by Jia Yuan Law Offices, our PRC Legal Advisor in respect of general matters of our Group in the PRC;

(f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisors as to the law of the Cayman Islands, summarizing certain aspects of Cayman Islands company law referred to in Appendix III "Summary of the Constitution of the Company and Cayman Islands Company Law" to this document;

(g) the material contracts referred to in Appendix IV "Statutory and General Information—2. Further Information about our Business—A. Summary of Material Contracts" to this document;

(h) the written consents referred to in Appendix IV "Statutory and General Information—6. Other information—H. Consents of Experts" to this document;

(i) service contracts and the letters of appointment referred to in Appendix IV "Statutory and General Information—3. Further information about our Directors—A. Particulars of Directors' Service Contracts and Appointment Letters" to this document;

(j) the Cayman Companies Act;

(k) the terms of [**REDACTED**] Global Share Plan; and

(l) the industry report issued by China Insights Consultancy.

DOCUMENT AVAILABLE FOR INSPECTION

A full list of the grantees of outstanding share options granted under the [**REDACTED**] Global Share Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection at our Company's principal place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.