

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

Application Proof of

Beijing 51WORLD Digital Twin Technology Co., Ltd.

北京五一視界數字孿生科技股份有限公司

(the “**Company**”)

(a joint stock company incorporated in the People’s Republic of China with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Securities and Futures Commission (the “**Commission**”) solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its joint sponsors, overall coordinators, advisors and members of the underwriting syndicate that:

- (a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;
- (b) the publication of this document or any supplemental, revised or replacement pages on the Stock Exchange’s website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisors or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with any offering;
- (c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;
- (d) this Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (e) this document does not constitute a document, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, its joint sponsors, advisors or any members of its underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;
- (h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;
- (i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;
- (j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and
- (k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s document registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

IMPORTANT

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



Beijing 51WORLD Digital Twin Technology Co., Ltd. 北京五一视界数字孪生科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : [REDACTED] per H Share plus [REDACTED] of 1%, 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 : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Joint Sponsors, [REDACTED]



[REDACTED]

[REDACTED]

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

A copy of this document, having attached thereto the documents specified in “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other document referred to above.

The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us on or around [REDACTED] (Hong Kong time), and, in any event, not later than 12:00 noon on [REDACTED] (Hong Kong time). If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED] (Hong Kong time) between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse. The [REDACTED] will be no more than HK\$ [REDACTED] per [REDACTED] and is currently expected to be no less than HK\$ [REDACTED] per [REDACTED] unless otherwise announced. 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 [REDACTED] fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund (subject to application channels) if the [REDACTED] as finally determined is less than HK\$ [REDACTED].

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong [REDACTED]. See “Structure and Conditions of the [REDACTED]” and “How to Apply for [REDACTED]” for further details.

The obligations of the [REDACTED] under 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 [REDACTED]. See “[REDACTED] — [REDACTED]” for further details.

Prior to making an investment decision, [REDACTED] should consider carefully all of the information set out in this document, including the risk factors set out in the section headed “Risk Factors”.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be [REDACTED] or sold within or to the United States, or to or for the account or benefit of any U.S. person (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in accordance with Regulation S.

Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high [REDACTED] risks including risks of [REDACTED] volatility and inflated valuation due to the difficulty in valuing such companies. [REDACTED] should fully understand the investment risks of a Specialist Technology Company and the risks disclosed by our Company before making their [REDACTED] decisions.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO [REDACTED]

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

You should rely only on the information contained in this document to make your investment decision. The [REDACTED] is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by us, any of the [Joint Sponsors, the [REDACTED], the [REDACTED] the [REDACTED] the [REDACTED] the [REDACTED] any of the [REDACTED], any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the [REDACTED].

	<u>Page</u>
EXPECTED TIMETABLE	i
CONTENTS	iv
SUMMARY	1
DEFINITIONS	30
GLOSSARY OF TECHNICAL TERMS	41
FORWARD-LOOKING STATEMENTS	46
RISK FACTORS	48
WAIVERS AND EXEMPTIONS	91
INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	95
DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]	99
CORPORATE INFORMATION	103
INDUSTRY OVERVIEW	105
REGULATORY OVERVIEW	126
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE	154
BUSINESS	187
FINANCIAL INFORMATION	315
RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS	363
SHARE CAPITAL	367

CONTENTS

	Page
SUBSTANTIAL SHAREHOLDERS	370
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	373
FUTURE PLANS AND [REDACTED]	389
[REDACTED]	399
STRUCTURE AND CONDITIONS OF THE [REDACTED]	413
HOW TO APPLY FOR [REDACTED]	423
APPENDIX I ACCOUNTANTS’ REPORT	I-1
APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION	II-1
APPENDIX III TAXATION AND FOREIGN EXCHANGE	III-1
APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS	IV-1
APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION	V-1
APPENDIX VI STATUTORY AND GENERAL INFORMATION	VI-1
APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY	VII-1

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 the entire document before you decide to [REDACTED] in the [REDACTED]. In particular, we are a specialist technology company seeking to [REDACTED] on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with [REDACTED] in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your [REDACTED] decision should be made in light of these considerations.

There are risks associated with any investment. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a digital twin technology company in China. We have invested heavily in and developed core competencies in technology around three major areas: 3D graphics, simulation, and AI.

A digital twin technology is a technology that employs graphics, simulation and AI to generate a highly accurate, virtual replica of a physical object or a system such as a city building or a vehicle. This virtual model can mirror the real-world counterparts in detail, allowing users to observe, analyze and predict how it behaves and changes over time. Digital twins are used in various fields to simulate and plan scenarios such as urban development, traffic management, and emergency response strategies with those impacting the actual environment. We offer our digital twin solutions mainly to enterprises of varying sizes and of various industries. Our industry solutions span over 10 sectors, such as cities, water conservation, energy, automotive, transportation, robotics, entertainment, and social media. Our suppliers mainly consisted of hardware vendors, such as all-in-one PCs and specialized equipment, and software vendors, such as scene design, art rendering, and digital model modeling.

We aim to provide eco-partners including enterprises, consumers and developers with solutions to access and build digital twins and work together with them to create the “Digital Twin Earth” which will in the end enhance the efficiency, safety, and quality of the real world as well as provide people with new perspectives and technologies to understand and improve our world. We were founded in February 2015. Based on the significant growth in the amount of information data and the swift advancement of information carriers, our founder observed that real-time 3D would become the most effective way of information interaction after text, images, and video and is an inevitable outcome of the development of the information age. At that time, real-time 3D was mainly used in the field of games to immerse users in a virtual world of entertainment interaction. In light of the ongoing advancements in technology and the increasing focus on industrial applications, we have chosen to expand the scope of our real-time 3D capabilities to a broader field. Our aim is to build a 1:1 digital twin scene with the real world to enhance the efficiency, safety, and quality of the real world. We have consistently viewed this initiative as a driving force behind our Company’s growth and innovation. With our keen judgment and profound understanding of the industry, we believe creating a

SUMMARY

digital twin of the Earth can be broken down into five categories of elements, namely buildings, roads, plants, water, and terrain, and five stages, namely the static world (2015-2017), the dynamic world (2017-2020), the semi-simulated world (2020-2023), the fully-simulated world (2023-2026), and the digital twin world (2026-2030).

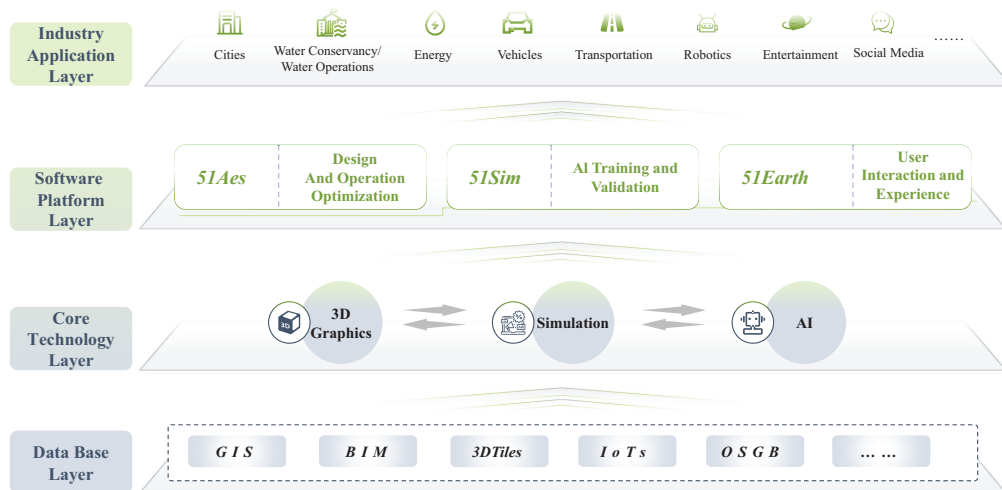
Thus far, we have entered the fourth stage having achieved real-time generation and rendering of the entire Earth (at L1 city-level accuracy) and successfully commercialized at scale the modeling technology underlying our core businesses that is capable of generating a city a day, which we have demonstrated by generating a city in a day during the Track Record Period. Our goal is to complete the fifth stage in 2030, with the aim of solving real-world problems in areas such as traffic, AI training, spatial and temporal immersion, security warnings, climate prediction, and energy. In line with our vision, we have set a clear development path and achieved several milestones through continuous technological breakthroughs, product iterations, and scenario extensions:

- We are a reputable technology company in the digital twin industry in China, ranking first in the following key metrics for technology companies, according to Frost & Sullivan:
 - We were the first in the digital twin industry to propose and consistently implement the Earth Clone Project^{Note};
 - We ranked first in terms of revenue in 2024 in the digital twin industry;
 - We ranked first in terms of the amount of financing in the digital twin solution market in China as of the December 31, 2024;
 - We were the first to achieve revenue of HK\$250 million in a year in the digital twin industry in China;
 - We are the sole company in the digital twin industry capable of delivering comprehensive digital twin solutions; and
- We have formed three core businesses, namely 51Aes (Digital Twin Platform), 51Sim (Synthetic Data and Simulation Platform) and 51Earth (Digital Earth Platform), and have released commercialized products and solutions in all of these three business lines.
- We have abundant IP rights and play an active role in shaping domestic and international standards. As of the Latest Practicable Date, we had 265 software copyrights and valid authorized patents, and had participated in the formulation of 41 international, local and group standards for digital twins and related applications.
- We have built a substantial customer base. Since our inception, we have provided our products and solutions to more than 1,000 enterprise customers mainly in mainland China with our business also growing in other countries and regions.

SUMMARY

OUR BUSINESS AND PRODUCTS

With our profound understanding and interdisciplinary application of the three core technologies of digital twin, namely 3D graphics, simulation, and AI, as well as our engineering and commercialization capabilities across these three technologies, we have gradually built up the 51WORLD digital twin architecture, including four layers: data base layer, core technology layer, software platform layer, and industry application layer.



Data Base Layer

Data is the foundation of our development. Leveraging our self-developed digital asset platform with comprehensive data from various sources in various models, such as GIS, BIM, 3DTiles, IoTs, and OSGB we are able to provide 51WORLD architecture and third-party ecosystems with data solutions for various industry applications.

Core Technology Layer

Technological capabilities are an important cornerstone of our industry leadership, and we are leading the way in three important technologies in the field of digital twins in China:

- **3D graphics.** We are a pioneer in the industry to adopt a series of innovative methods to process and fuse multi-source heterogeneous spatial data (diverse location-based data from different sources like satellites, sensors and maps), forming a comprehensive multi-source heterogeneous data fusion technology system to achieve more significant systematic technical advantages. We are a pioneer in China that is capable of generating all-element scenes with one click, achieves the coding and mapping capability of large-scale digital twins, and has the real-time scheduling capability of digital twin scenes at the level of city clusters.
- **Simulation.** We are the sole company in the digital twin industry that can provide full-stack simulation-related solutions with a wide range of applications, such as intelligent driving, intelligent transportation, engineering systems, natural environment, event emergency response and other extensive application scenarios.

SUMMARY

- **AI.** We can use the data generated by the virtual scene to continuously train AI and expand simulation capabilities, which can help accelerate the iteration of AI algorithms and application maturity. We have also introduced AI-assisted recognition and automated discrimination correction functions, which greatly improve the efficiency of digital twin construction.

Software Platform Layer

We have launched three major platforms in phases in line with market demand and technological maturity, which we refer to as the “three-curve” of our businesses.

51Aes is, our digital twin development and application platform which aims to enhance enterprise customer design and operational efficiency, supporting the transformation of digital intelligence across various industries. The three core products of 51Aes include AES (All Elements Scene), WDP (WORLD Developer Platform, a digital twin SaaS platform), and ISE (infinite simulation engine). The industry solutions offered by 51Aes include 51CIM (City Information Modeling), 51WIM (Water Information Modeling), and 51XIM (Industrial and Energy Information Modeling), covering more than 10 sectors such as cities, parks, village, water conservation, water affairs, industry, energy, real estate, medical care, and education.

51Sim, is a leading synthetic data and simulation platform in China. Its core products include SimOne, a simulation platform for intelligent driving and robotics, DataOne, a data closed-loop and synthetic data platform, and TIM, a platform for traffic information modeling. Utilizing advanced data-driven simulation technology, distributed cloud simulation technology, end-to-end simulation technology, generative AI technology and other core technologies, 51Sim provides customers with software products and solutions for intelligent driving simulation testing and synthetic data used for AI system training to improve the safety and performance of intelligent driving systems. 51Sim has already provided commercialized services to hundreds of customers in the intelligent driving industry. Besides, several products of 51Sim have pan-industry extensibility, and are intended to build general simulation and synthetic data platforms for more industries.

51Earth embodies the history of our brand, technology and product development with a vision to create a digital twin world that is accessible to and contributable by both enterprises and consumers. We anticipate that 51Earth will be the key platform for delivering digital experiences through diverse applications. This platform aims to bring together builders, developers and consumers, providing them with platforms, products and economic systems, to engage users around the world to participate in the Earth Clone Project and experience diverse application scenarios. Through these diverse applications, we strive to create distinctive experiences for consumers and drive sustained business growth and expansion. While the development and commercialization of 51Earth is a long-term goal, the platform is currently focused on laying the groundwork by providing the digital twin assets required by See3 and Short3A developers while continuing to accumulate data to support its long-term vision. We launched 51Earth.com on March 1, 2024, offering free access to 51Earth Builder and 51Earth Dev Kit on July 1, 2024. As of the Latest Practicable Date, 51Earth.com has attracted thousands of builders and developers.

SUMMARY

Industry Application Layer

Our industry solutions span over 10 sectors, such as cities, water conservation, energy, automotive, transportation, robotics, entertainment, and social media. Below are the advantages of our industry solutions.

- **Uniqueness.** We have developed a synthetic data platform by integrating advanced technologies such as graphic simulation, 3D reconstruction, and generative AI. This platform provides diversified and cost-effective synthetic data, offering comprehensive support for the development of embodied AI.
- **Leadership.** We excel in development iteration and test validation for intelligent driving, providing industry-leading one-stop solutions that include data-driven closed-loop cloud simulation, end-to-end simulation, and X-in-the-Loop simulation. Featuring a cloud-edge integrated product architecture, our platform enables highly flexible deployment and management while offering comprehensive simulations of real-world driving environments and complex scenarios that enable our customers to accelerate R&D and mass production of intelligent driving technologies with high accuracy and reliability.
- **Ease of use.** Leveraging our extensive experience and technology in digital twin market across various fields, we have developed the WDP digital twin SaaS platform. WDP is our user-friendly, digital twin application and development platform that enables multi-source data import, intuitive scene creation, and low-code development through cloud-based services. By cloud-enabling the AES digital base and offering commonly used functions, we provide our partners with a faster, more flexible, efficient, and accessible tool platform.
- **Scalability:** 51Earth’s latest technology generation facilitates seamless scaling of 3D generation and rendering from component-level (microscopic) to terrestrial (macroscopic) levels. Additionally, our real-time generation technology reduces the capacity of whole earth-level data significantly, extending the availability of data products enterprises of all sizes and individual users with cloud-enabled access through on various hardware devices, such as PCs, mobiles, and XR devices.
- **Comprehensiveness.** We offer the comprehensive solution by integrating various data types to build a real-time, panoramic twin system model. The Haidian City Brain, developed in collaboration with ZGC World and Baidu, enables real-time sensing of the city’s operational status, efficient resource deployment, and a notification system to facilitate timely response to urban safety emergencies. This system incorporates data from approximately 170,000 buildings, city components, and business systems (including more than 14,500 cameras and 10,000 sensors) with medium-precision coverage across Haidian and high-precision coverage in the 3 square kilometers of Zhongguancun’s West Zone.

SUMMARY

The table below sets out a summary for how each of our products and solutions falls within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
51Aes	Metaverse technology: - Virtual reality (VR): technology providing lifelike simulation of reality synthetically or virtually	51Aes focuses on providing digital twin development and application services, encompassing various sectors such as cities, parks, water conservation, water affairs, industry and energy. Specifically, 51Aes supports the creation of a digital replica of real world environments to enable simulation and analysis for various scenarios such as city management, manufacturing and others.	Our customers for 51Aes products and solutions are mainly enterprises. According to Frost & Sullivan, China’s digital twin design and operation optimization solution market is primarily driven by rising demand from enterprise-level customers, expanding application scenarios, and continuous improvement of the ecosystem. For more details, see “Industry Overview—Digital Twin Solutions for Design and Operation Optimization—Drivers and Trends of China’s Digital Twin Design and Operation Optimization Solution Market.”	51Aes delivers comprehensive digital twin solutions with proven success across key sectors: - 51CIM: Beijing CBD Spatial and Temporal Information Platform creates a detailed 3D urban model integrating city-wide data systems. It enables visualization of the entire district, supporting emergency response management and traffic simulation for informed decision-making. - 51WIM: Digital Twin of Xiaolangdi project supports the crucial Yellow River water management hub, the Xiaolangdi Water Conservancy Hub. This virtual replica enables authorities to simulate scenarios for flood prevention, providing forecasting, warning, and preplanning capabilities. - 51XIM: Smart Manufacturing Factory implementations include China Railway Equipment’s digital twin platform for shield machine production, integrating data across all manufacturing stages from design to maintenance. For a premium international automaker, our factory implementation creates virtual replicas of production equipment with sensor integration, enabling real-time monitoring, anomaly alerts, and predictive maintenance while optimizing railway logistics to improve delivery timeliness. For details, see “Business—Our Products and Solutions—51AES—Industry Solutions”.	Our 51Aes products and solutions are primarily priced based on scene and function customization. For scene, pricing depends on the level of digital twin accuracy and the size of the area—higher accuracy and larger areas result in higher costs. For function customization, the price is determined by the complexity and the required man-days—more complex functions and longer development time lead to higher pricing. Additionally, our WDP software is available as standard products on a subscription or license basis, with fixed pricing for each version. For 51Aes products and solutions, customers are generally required to pay the purchase price for perpetual license upon acceptance of our products or solutions. Revenue is recognized at a point in time when the software and the hardware (if applicable) are delivered to the customer’s designated place, inspected and accepted by the customer. WDP has two sales models based on specific customer demand, (i) an annual fee is charged on a subscription basis and revenue is recognized over the subscription period or (ii) for customers who prefer perpetual licenses, we charge customers the fixed price for perpetual license where customers make a one-time payment for indefinite usage rights.

SUMMARY

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
51Sim	Electric and autonomous vehicles - The manufacturing and/or deployment of autonomous vehicles and electric vehicles, and development of enabling technologies, including vehicles and trucks equipped with self-driving solutions Advanced transportation technology - The development of transportation technology (excluding electric and autonomous vehicles) and deployment of smart mobility systems including the application of information and communication technology in road transport, traffic management and safety and mobility systems AI - The development of AI technology including AI solutions which refers to the design and provision of AI solutions used in different industry verticals	Based on the most advanced full-chain closed-loop simulation technology, scenario simulation technology, distributed cloud simulation technology, end-to-end simulation technology, 51Sim provides customers with software products and solutions for intelligent driving simulation and testing, help R&D personnel to better test the performance of intelligent driving technology in different scenarios, and continuously optimize and improve the intelligent driving algorithms to enhance the safety and performance of intelligent driving technology. The simulation focuses exclusively on the external environment and testing scenarios for autonomous driving, and does not involve development or operation of actual driving systems or vehicle control mechanisms. TIM under 51Sim is a comprehensive application platform for optimizing and improving the operational efficiency and safety of the transportation system. Its objective is to facilitate decision-making in planning, construction, and management, enabling stakeholders to leverage the transportation system more effectively, enhance safety and efficiency, and improve the overall transportation experience. It also falls in the definition of advanced transportation technology. Furthermore, TIM Trans AI under 51Sim offers an	Our customers for 51Sim products and solutions are mainly domestic OEMs and automotive primary and secondary suppliers. According to Frost & Sullivan, China’s digital twin AI training and validation solution market is primarily driven by rising demand for intelligent driving simulation and testing, robot simulation testing, and synthetic data. For more details, see “Industry Overview—Digital Twin Solutions for AI Training and Validation—Drivers and Trends of China’s Digital Twin AI Training and Validation Solution Market.”	51Sim provides advanced simulation solutions with proven success across key application fields: - Intelligent Driving: Developed a comprehensive data-driven closed-loop platform for a state-owned automobile enterprise, transforming raw driving data into high quality training materials for Level 3 autonomous driving validation. Also developed a specialized system to test vehicle-to-everything (V2X) communication technology that allows cars to communicate with each other and with infrastructure for a government testing agency. - Perception Simulation: Integrated SimOne with a leading intelligent driving company’s computing systems, enabling engineers to test perception algorithms across various virtual scenarios before real-world deployment. - Traffic Simulation: Delivered a macro-to-micro traffic simulation platform for Beijing Transport Institute that enables closed-loop traffic simulation of integrated multi-level road networks, traffic forecasting, and analysis across various transportation modes. For details, see “Business—Our Products and Solutions—51SIM—Industry Solutions.”	When determining price for 51Sim products and solutions, we adopt a standard software-plus-service model. Cloud simulation services are charged based on the scale of deployment, while standalone software is priced per seat with perpetual license (following our price-per-seat licensing model where customers pay based on the number of user licenses or “seats” needed). For cloud and standalone software, discounts are provided for different tiers of bulk purchases. Service offerings primarily include customized software development (following our software-plus-service approach that combines standard licensing with tailored functionality development). For 51Sim products and solutions, customers are generally required to pay the purchase price upon acceptance of our products or solutions. Revenue is recognized at a point in time when the software and the hardware (if applicable) are delivered to the customer’s designated place, inspected and accepted by the customer.

SUMMARY

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
		application of large models in the transportation industry, which involve using large amount of collected real traffic trajectory data to train and build AI traffic agents through deep reinforcement learning, applicable to real traffic reconstruction and tracing. In addition, the products utilizes LLM technology to build a traffic language assistant, assisting traffic simulation software in quickly responding to user needs, summarizing documents, and other auxiliary functions. It also falls in the definition of transportation technology (excluding electric and autonomous vehicles) and deployment of smart mobility systems including the application of information and communication technology in road transport, traffic management and safety and mobility systems. For further details of TIM and TIM Trans AI and their relation to advanced transportation technology (excluding electric and autonomous vehicles), see “—51SIM—Core products—TIM” and see “—51SIM—Industry solutions—Integrated traffic simulation solutions.”			
51Earth	Metaverse technology: - Virtual reality (VR): technology providing lifelike simulation of reality synthetically or virtually	Adopting the industry’s ultra-high precision and ultra-realistic 3D rendering engine and virtual digital man technology, 51Earth provided enterprises with a one-stop VR services to meet general public’s needs of daily meetings, online exhibition halls, internal training, product releases, and industry forums. 51Earth provides users with 3D digital	Our customers and end users 51Earth products and solutions are mainly enterprises with needs for VR services including online exhibition halls and digital meetings. With the development of See3, customers and end consumers of 51Earth will also include tourist destinations and tourists.	51Earth developed a metaverse-based business-to-business-to-consumer (B2B2C) product for a museum. Through sophisticated cloud rendering technology and high-precision three-dimensional visualization technology, the product enables visitors to explore rendered cultural landscape without physical constraints. Users customize their digital personas, interact with fellow visitors, examine artifacts from a very close distant, and engage with cultural	Our 51Earth products and solutions are primarily priced based on scene and function customization. For scene, pricing depends on the level of accuracy and the size of the area—higher accuracy and larger areas result in higher costs. For function customization, the price is determined by the complexity

SUMMARY

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
		assets and tools to build, develop and explore a virtual replica of the Earth (or constitutive areas and environments) that reduce the obstacles to 3D content creation. This eventually provides consumers with richer and more immersive 3D and video content from a new generation of creators.	According to Frost & Sullivan, China’s digital twin user interaction and experience solution market is primarily driven by increased end-user demand for diverse and immersive interactions and experiences, further integration with generative AI and integration with AR/VR. For more details, see “Industry Overview—Digital Twin Solutions for User Interaction and Experience—Drivers and Trends of China’s Digital Twin User Interaction and Experience Solution Market.”	heritage through interactive storylines, all accessible via standard browsers without specialized software. Furthermore, in April 2025, we entered into our first Sec3 agreement in the tourism sector with a famous tourist destination in Sichuan. For details, see “Business—Path to Profitability—Enriching our business models, products and solutions.”	and the required man-days—more complex functions and longer development time lead to higher pricing. Going forward, with the launch of 51Earth.com and consumer-facing products such as Sec3 and Short3A, we expect to generate revenue from 51Earth from subscriptions and value-added services. However, As of June 30, 2025, Sec3 and Short3A have not reached commercialization and has not generated any revenue during the Track Record Period. For further details, see “—Path to Profitability.”

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the information above, each of our products and solutions falls within one or more acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules. Accordingly, our Directors confirm that all of our revenue were generated from Specialist Technology Products as defined under Chapter 18C of the Listing Rules.

SUMMARY

OUR MARKET OPPORTUNITIES

	Features	Drivers	Market Size
Design and Operation Optimization	Leveraging digital sensing, transmission and other cutting edging technologies to analyze the massive data generated from the physical world, forming an intelligent insights, then further feeding back into the physical world, thereby achieving continuous optimization and scientific decision-making on the physical world.	- Rising demand from enterprise-level customers - Expanding industry application scenarios - Continuous improvement of the ecosystem	The global digital twin design and operation optimization solution market size is projected to continue to grow from US\$7.4 billion in 2024 to US\$27.4 billion by 2029, at a CAGR of 30.0%. China’s digital twin design and operation optimization solution market size is projected to continue to grow from RMB7.5 billion in 2024 to RMB30.0 billion by 2029, at a CAGR of 32.0%.
AI Training and Validation	Using digital twins to create a simulation system for exploring, analyzing, and validating AI algorithms without the need for a physical system, and to generate synthetic data for AI algorithm training.	- Rising demand for autonomous driving simulation and testing - Rising demand for robot simulation and testing - Increasing difficulty in acquiring data assets and rising demand for synthetic data	The global digital twin AI training and validation solution market size is projected to continue to grow from US\$2.2 billion in 2024 to US\$8.9 billion by 2029, at a CAGR of 32.6%. China’s digital twin AI training and validation solution market size is projected to continue to grow from RMB4.4 billion in 2024 to RMB18.6 billion by 2029, at a CAGR of 33.5%.
User Interaction and Experience	Creating engaging, realistic virtual environments and objects that mirror real-world features, enabling users to engage in a range of activities that may be hard to access in the real world.	- Increased end-user demand for diverse and immersive interactions and experiences - Further integration with generative AI - Integration with AR/VR	The global digital twin user interaction and experience solution market size is projected to grow from US\$0.4 billion in 2024 to US\$1.7 billion by 2029, at a CAGR of 30.0%. China’s digital twin user interaction and experience solution market size is expected to grow from RMB0.4 billion in 2024 to RMB1.7 billion by 2029, at a CAGR of 37.5%.

We have three main brands and business lines: (i) 51Aes: Our digital twin platform, specialized in providing high quality digital twin services to enterprises, facilitating digital transformation across all industries, (ii) 51Sim: Our synthetic data and simulation platform, specialized in providing products and solutions for intelligent driving simulation testing and synthetic data used for AI system training, and (iii) 51Earth: Our digital earth platform, dedicated to reducing the obstacles to creating 3D content.

SUMMARY

The following table sets forth a breakdown of our revenue by business lines during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB thousands, except for percentage data) (unaudited)									
51Aes	141,627	83.3	204,586	79.8	236,166	82.1	26,014	78.3	43,784	81.3
51Sim	25,926	15.3	42,453	16.6	47,595	16.6	3,804	11.5	7,942	14.8
51Earth	2,424	1.4	9,263	3.6	3,601	1.3	3,397	10.2	2,094	3.9
Total	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

The following table sets forth the breakdown of our gross profit and gross profit margin by business lines, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
	(in RMB thousands, except for percentage data)									
Gross profit										
51Aes	98,017	69.2	113,972	55.7	124,642	52.8	15,696	60.3	18,965	43.3
51Sim	10,257	39.6	21,081	49.7	21,852	45.9	(366)	(9.6)	2,337	29.4
51Earth	2,132	88.0	3,969	42.8	390	10.8	1,268	37.3	825	39.4
Total	110,406	65.0	139,022	54.2	146,884	51.1	16,598	50.0	22,127	41.1

COMPETITION

China’s digital twin solution market is experiencing rapid growth, and the current competitive landscape is fragmented, with numerous types of players offering a diverse range of solutions.

Players in the China digital twin solution market can be categorized into two types: one-stop solution providers such as ourselves, and point solution providers. One-stop solution providers are equipped to offer a comprehensive range of products and services, spanning model asset development tools to applications, and digital twin applications across multiple domains. In contrast, point solution providers specialize in a specific type of product or service and offer digital twin applications within a single domain. One-stop solution providers have a number of significant advantages over point solution providers, including greater technical capabilities, technical comprehensiveness, industry knowledge, business model diversity, and growth potential.

For more information about our competitive strengths, our industry and the risks we face, please refer to the sections headed “Industry Overview” and “Risk factors—Risks Related to Our Business and Industry—We operate in highly competitive markets and some market participants may have substantially greater resources. We compete against a large number of both established competitors and new market entrants.” included elsewhere in this document.

SUMMARY

OUR STRENGTHS

We believe the following competitive strengths contribute to our success:

- Leading interdisciplinary innovation and R&D capabilities;
- Stable industry partnerships and brand influence;
- Scalable commercialization path; and
- Insightful and resilient management team with a vision-driven culture.

OUR STRATEGIES

We focus on the following key strategies to achieve our mission:

- Empower digital infrastructure through 51Aes;
- Transform intelligent driving and embodied AI development through 51Sim;
- Connect builders, developers and consumers to drive real-time 3D interaction through 51Earth;
- Expand global market reach with digital twin solutions; and
- Foster elite talent for R&D and engineering excellence.

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position.

Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products and solutions which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 10 years of industry experience and has specialized area. See “Business—Research and Development—Our R&D Team” for more details.

In 2022, 2023 and 2024, our R&D expenditure were RMB132.5 million, RMB103.8 million, RMB57.5 million respectively, accounting for 54.1%, 50.5% and 28.0% of our total operating expenditure in the same years, respectively.

INTELLECTUAL PROPERTY RIGHTS

We rely on unpatented trade secrets, confidential know-how, and continuous technological innovation, to develop, strengthen, and maintain our competitive position. We seek to protect and enhance our proprietary technologies, inventions, and improvements that are commercially important to the growth of our business, including by seeking, maintaining, and defending patent rights. We also strive to operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any instances of material infringement of third parties’ intellectual property rights.

It is important to our future commercial success that we obtain and maintain patent and other proprietary protection for commercially important technology, inventions, and know-how related to

SUMMARY

our business; defend and enforce our IP rights, in particular our patents, trademarks, and copyrights; maintain the confidentiality of our trade secrets; and operate without infringing, misappropriating, or violating the valid and enforceable patents and proprietary rights of third parties. Our ability to prevent third parties from making, using, selling, offering to sell, or importing any technology products we develop may depend on the extent to which we have rights under valid and enforceable patents or trade secrets covering these activities. See “Risk Factors—Risks Relating to Our Intellectual Property Rights” for a more comprehensive description of risks related to our IP.

The following table sets forth details of our material IP in relation to our business and Specialist Technology Product development as of the Latest Practicable Date:

Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
Method and apparatus for generating a three-dimensional image of a building (生成建築物的三維圖像的方法及裝置)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source data informatization technology	Multi-source heterogeneous spatial data fusion	PRC	February 28, 2020	February 27, 2040
Road generation method, apparatus, storage medium and electronic device (道路生成方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Scene editing technology, data collection simulation technology	Simulation map editing	PRC	April 29, 2019	April 28, 2039
Method, apparatus, storage medium and electronic device for adjusting camera parameters (調整攝像頭參數的方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Sensor simulation technology, scene simulation engine technology, camera in the loop simulation technology	Sensor simulation	PRC	November 16, 2020	November 15, 2040
Simulation data synchronization method, apparatus, storage medium and electronic device (仿真數據同步方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation map editing technology, simulation synchronization and acceleration technology, cloud simulation technology	Cloud simulation	PRC	April 29, 2019	April 28, 2039

SUMMARY

Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
A method, device and apparatus for generating an autonomous driving simulation scenario (一種自動駕駛仿真場景的生成方法、裝置及設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation 3D scene generation and production technology, scene construction and editing technology	Used to generate autonomous driving simulation scenarios	PRC	December 27, 2023	December 26, 2043

* Represents areas that we have applied our material IP to and/or that we expect to apply our material IP to.

As of the Latest Practicable Date, we had 158 software copyrights and 107 validly authorized patents, leading the software industry in terms of the number of IP rights. See “Business—Intellectual Property” for more details of our material intellectual property rights.

SALES

Our sales team is designed to cater to the diverse needs and broad geographic distribution of our user base, ensuring responsive service and support across all customer segments. As of June 30, 2025, our sales team consisted of 13 employees and we have established sales offices in Hangzhou, Hefei, Nanjing, Wuhan and Fuzhou, among other cities in China.

We directly contract with end-users, who are the primary recipients of our products, and handle the entire process, from project design and production to testing and delivery, providing standard software products, customized software, and technical services directly to the end customer.

In addition, we sell our products and solutions to system integrators in the digital twin industry, who will either further develop on top of our products and solutions or integrate our products and solutions into others and then sell to the end-users, or sell directly to end-users.

By adopting these combined sales models, we effectively cater to the diverse needs and broad geographic distribution of our user base, ensuring responsive service and support across all customer segments.

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers mainly consisted of enterprises of varying sizes and of various industries. Our industry solutions span over 10 sectors, such as cities, water conservation, energy, automotive, transportation, robotics, entertainment, and social media. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, revenue generated from our five largest customers of the respective year/period amounted to RMB40.1 million, RMB98.1 million, RMB133.5 million and RMB27.7 million, respectively, accounting for 23.6%, 38.3%, 46.4% and 51.5%, respectively, of our revenue.

During the Track Record Period, our suppliers mainly consisted of hardware vendors, such as all-in-one PCs and specialized equipment, and software vendors, such as scene design, art rendering, and digital model modeling. Purchases from our five largest suppliers of the respective year/period in 2022, 2023 and 2024 and for the six months ended June 30, 2025 amounted to RMB46.5 million,

SUMMARY

RMB10.7 million, RMB34.4 million and RMB17.2 million, respectively, representing 63.9%, 41.9% and 32.7% and 71.5% of our total purchases in the same periods, respectively.

The table below set forth a breakdown of the number of our customers that contributed revenue for each period by business lines and core products during the Track Record Period:

	For the years ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
51Aes	157	183	131	55
51CIM	81	78	59	26
51WIM	19	27	18	8
51XIM	18	23	14	11
WDP	39	55	40	10
51Sim	33	40	58	17
SimOne	26	22	31	13
DataOne	—	3	6	—
51TIM	7	15	21	4
51Earth	29	26	9	1

RISK FACTORS

We are a specialist technology company seeking to [REDACTED] on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. We are in the ramp-up stage with a history of losses. We may not be able to achieve or subsequently maintain profitability in the near future. We believe there are certain risks and uncertainties involved in the [REDACTED] in our Shares, some of which are beyond our control. If any of such risks and uncertainties materializes, the [REDACTED] of our Shares could decline, and you may lose all or part of your [REDACTED]. See “Risk Factors” for details of our risk factors, which we urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- If we are unable to introduce new solutions and products in a timely manner and at competitive prices, our business could be adversely affected.
- Should our customers become more cautious about investing in new technologies as a result of macroeconomic impacts and their own business conditions, our business, results of operations, and financial condition will be adversely affected.
- We have made significant investments in research and development. It is not possible to guarantee that all of these activities will yield the anticipated benefits within a relatively short timeframe.
- The size of our addressable markets and the demand for our products and solutions may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations, financial condition and prospects.
- We operate in highly competitive markets and some market participants may have substantially greater resources. We compete with a large number of both established competitors and new market entrants.
- Our business and results of operations are subject to seasonal fluctuations.

SUMMARY

- AI technologies are constantly evolving. Any flaws or inappropriate usage of AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.
- Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business.
- We are in the ramp-up stage with a history of losses. We may not be able to achieve or subsequently maintain profitability in the near future. Our historical financial and results of operations may not be indicative of our future performance.
- We recorded net operating cash outflows historically and there can be no assurance that we will have net cash inflow from operating activities in the future.

PRE-[REDACTED] INVESTMENTS

We completed eight rounds of [REDACTED] Investments and had raised funds of more than RMB800 million. See “History, Reorganization and Corporate Structure—[REDACTED] Investments” for the identities of [REDACTED] Investors and further details regarding [REDACTED] Investments.

PREVIOUS [REDACTED] ATTEMPT

In view of the growing potential of stock market in the PRC, our Company entered into a tutoring agreement (輔導協議) with China Merchants Securities Co., Ltd. (招商證券股份有限公司)(“CMS”) on December 2, 2020 in preparation for the A share listing application on the Science and Technology Board of Shanghai Stock Exchange (上海證券交易所科創板) and made a preliminary filing (上市輔導備案) with the Beijing office of the CSRC on December 18, 2020. We voluntarily withdrew from our A-share listing preparation after a comprehensive assessment taking into account the uncertainty of the timetable of our Company’s A-share listing process, the then market circumstances and our then development strategies in which we have decided to focus our resources on the research and development of 51Earth and optimization and business development of 51Aes and 51Sim. We terminated our engagement with China Merchants Securities Co., Ltd. on August 25, 2022. We have not submitted any [REDACTED] to the regulatory authorities for our previous attempt with the Shanghai Stock Exchange.

We commenced our A-share listing preparation in December 2023 following our then re-assessment of the then policy and market circumstances. We entered into a tutoring agreement (輔導協議) with Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) (“Kaiyuan”) on December 21, 2023 in preparation for the A share [REDACTED] application on the Beijing Stock Exchange (北京證券交易所) and we made a preliminary filing with the Beijing office of the CSRC on December 26, 2023. We have selected Kaiyuan for the tutoring agreement and our preparation for our A-share [REDACTED] on the Beijing Stock Exchange because Kaiyuan had rich experience in capital market transactions on the National Equities Exchange and Quotations, the predecessor of the Beijing Stock Exchange.

After the first half of 2024, we re-assessed our A-share listing preparation and continued to explore other market opportunities. With the promulgation of Chapter 18C of the Listing Rules in March 2023 and the [REDACTED] of the first [REDACTED] applicant under Chapter 18C of the Listing Rules in June 2024, we saw the opportunity for us, being a specialist technology company, to achieve [REDACTED] status

SUMMARY

on the Stock Exchange, which would be beneficial to our Company and Shareholders in that the Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, thereby enhancing our fund-raising capabilities and broadening our fund-raising channels and our Shareholders base as well as strengthening our international exposure. As a result, we entered into our engagement with the Joint Sponsors on June 14, 2024 to commence our preparation for the [REDACTED] application with the Stock Exchange under Chapter 18C of the Listing Rules.

In August 2024, we continued our assessment on our preparation for our [REDACTED] applications with the Beijing Stock Exchange and the Stock Exchange, and were of the view that given the uncertainty of the listing timetable for our A-share listing process and the good progress of the preparation for our [REDACTED] to the Stock Exchange, we voluntarily withdrew from our A-share listing preparation with the Beijing Stock Exchange and terminated our engagement with Kaiyuan on August 16, 2024. We have not submitted any listing application to the regulatory authorities for our previous attempt with the Beijing Stock Exchange.

According to our PRC Legal Advisor, both preliminary filings made in December 2020 and December 2023 did not constitute [REDACTED] applications with the CSRC.

As of the Latest Practicable Date, we had not filed any formal A share listing application with any representative office of the CSRC or received any comments or inquiries from the CSRC, the Science and Technology Innovation Board of Shanghai Stock Exchange or the Beijing Stock Exchange. Further, there is no disagreement between our Company on one part, and the professional parties involved in our previous [REDACTED] attempts (including CMS and Kaiyuan) on the other part in respect of our previous attempts with the Shanghai Stock Exchange and the Beijing Stock Exchange. We do not plan to pursue the A share listing in the near future.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountants’ Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

SUMMARY

Summary of Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022	%	2023	%	2024	%	2024	%	2025	%
	<i>(in RMB thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Revenue	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0
Cost of sales	(59,571)	(35.0)	(117,280)	(45.8)	(140,478)	(48.9)	(16,617)	(50.0)	(31,693)	(58.9)
Gross profit	110,406	65.0	139,022	54.2	146,884	51.1	16,598	50.0	22,127	41.1
Other net income	12,089	7.1	11,684	4.6	10,353	3.6	4,226	12.7	5,096	9.5
Selling expenses	(58,217)	(34.2)	(51,352)	(20.0)	(58,195)	(20.3)	(25,182)	(75.8)	(34,255)	(63.7)
General and administrative expenses	(54,058)	(31.8)	(50,332)	(19.6)	(89,597)	(31.2)	(26,172)	(78.8)	(46,084)	(85.6)
Research and development expenses	(134,206)	(79.0)	(102,907)	(40.2)	(58,312)	(20.3)	(28,585)	(86.1)	(30,137)	(56.0)
Impairment losses on trade and other receivables and contract assets	(4,183)	(2.5)	(9,902)	(3.9)	(22,155)	(7.7)	(2,337)	(7.0)	(7,379)	(13.7)
Loss from operations	(128,169)	(75.4)	(63,787)	(24.9)	(71,022)	(24.7)	(61,452)	(185.0)	(90,632)	(168.4)
Finance costs	(3,949)	(2.3)	(6,307)	(2.5)	(5,603)	(1.9)	(2,963)	(8.9)	(2,963)	(5.5)
Changes in carrying amount of financial instruments issued to investors	(57,400)	(33.8)	(15,676)	(6.1)	—	—	—	—	—	—
Share of results of associates	(267)	(0.2)	(1,257)	(0.5)	(875)	(0.3)	(652)	(2.0)	(454)	(0.8)
Loss before tax	(189,785)	(111.7)	(87,027)	(34.0)	(77,500)	(27.0)	(65,067)	(195.9)	(94,049)	(174.7)
Income tax	—	—	(50)	—	(1,472)	(0.5)	—	—	—	—
Loss for the year/period	(189,785)	(111.7)	(87,077)	(34.0)	(78,972)	(27.5)	(65,067)	(195.9)	(94,049)	(174.7)

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use adjusted net loss (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

SUMMARY

investors from RMB57.4 million to RMB15.7 million relating to changes in the carrying amount of the redemption rights granted to investors in historical financings. For details, please refer to “Financial Information—Description of major components of our results of operations—research and development expenses”. Our net loss further decreased from RMB87.1 million in 2023 to RMB79.0 million in 2024, primarily due to (i) continued revenue growth from RMB256.3 million to RMB287.4 million, (ii) changes in loss in carrying amount of financial instruments issued to investors decreasing to nil as a result of the termination of redemption rights granted to investors upon which the then carrying amount of the redemption liabilities recognized was reclassified to equity, (iii) a further reduction in research and development expenses from RMB102.9 million to RMB58.3 million subsequent to the optimization of our R&D team, partially offset by an increase in general and administrative expenses. Our net loss increased from RMB65.1 million for the six months ended June 30, 2024 to RMB94.0 million for the same period in 2025, primarily due to substantial amount of (i) selling expenses incurred to increase our brand awareness and expand our customer base, and (ii) general and administrative expenses.

Summary of Consolidated Statements of Financial Position

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(in RMB thousands)</i>			
Current assets				
Inventories	78,954	19,629	22,819	29,475
Contract assets	6,715	8,026	11,538	10,180
Trade and other receivables	76,254	107,849	194,898	140,588
Prepayments	3,083	2,560	60,060	65,589
Other financial assets	—	88,000	77,565	48,875
Restricted cash	9,699	3,100	23,270	23,317
Cash and cash equivalents	78,911	40,326	134,462	166,233
Total current assets	253,616	269,490	524,612	484,257
Current liabilities				
Trade and other payables	127,747	93,295	182,114	154,060
Contract liabilities	111,345	26,490	25,537	34,469
Bank and other loans	92,939	118,662	149,043	211,228
Lease liabilities	14,913	12,265	12,595	11,268
Financial instruments issued to investors	1,056,739	—	—	—
Income tax payable	—	50	1,508	1,465
Total current liabilities	1,403,683	250,762	370,797	412,490
Net current (liabilities)/assets	(1,150,067)	18,728	153,815	71,767

We recorded net current liabilities of RMB1,150.1 million as of December 31, 2022, primarily due to financial instruments issued to investors. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

We recorded net current assets of RMB18.7 million as of December 31, 2023, as compared to net current liabilities of RMB1,150.1 million as of December 31, 2022, primarily due to termination of redemption rights granted to investors upon which the then carrying amount of the redemption

SUMMARY

liabilities recognized was reclassified to equity. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

Our net current assets increased from RMB18.7 million as of December 31, 2023 to RMB153.8 million as of December 31, 2024, primarily due to an increase of RMB94.1 million in cash and cash equivalents.

Our net current assets decreased from RMB153.8 million as of December 31, 2024 to RMB71.8 million as of June 30, 2025, primarily due to (i) an increase of RMB62.2 million in bank and other loans, (ii) a decrease of RMB54.3 million in trade and other receivables, primarily due to our collection efforts and improved receivables management, partially offset by (iii) an increase of RMB31.8 million in cash and cash equivalents, and (iv) a decrease of RMB28.1 million in trade and other payables, primarily due to settlement of outstanding obligations to suppliers.

The following table sets forth the breakdown of our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(in RMB thousands)</i>			
Non-current assets				
Property and equipment	9,062	6,566	3,852	2,904
Right-of-use assets	49,347	32,378	19,420	14,097
Intangible assets	1,759	2,616	1,784	3,081
Interest in associates	3,751	2,494	1,869	1,415
Other financial assets	186,807	61,144	40,000	40,000
Prepayments	—	—	42,680	36,000
Financial assets measured at fair value through profit or loss (“FVPL”)	—	—	—	15,000
Total non-current assets	250,726	105,198	109,605	112,497
Non-current liabilities				
Lease liabilities	36,285	20,847	8,512	4,316
Total non-current liabilities	36,285	20,847	8,512	4,316
Net (liabilities) / assets	(935,626)	103,079	254,908	179,948
Non-controlling interests	55	4,348	11,016	8,138

We recorded net liabilities of RMB935.6 million in 2022 and net assets of RMB103.1 million in 2023 primarily due to (i) the termination of redemption obligation, (ii) capital contributions from non-controlling interests as Beijing 51Sim issued new shares to certain investors in 2023 at a consideration of RMB50,000,000, and (iii) the decrease in our net loss from RMB189.8 million in 2022 to RMB87.1 million in 2023. As a result, the Group’s interest in Beijing 51Sim decreased from 100% to 88%. Our net assets increased from RMB103.1 million in 2023 to RMB254.9 million as of December 31, 2024 as a result of (i) the issuance of shares in connection with the Group’s Series F financing, (ii) equity settled share-based transactions, and (iii) our net loss of RMB79.0 million in 2024. Our net assets decreased from RMB254.9 million as of December 31, 2024 to RMB179.9 million as of June 30, 2025 primarily due to (i) our net loss of RMB94.0 million in the first half of 2025, and (ii) other comprehensive loss of RMB0.4 million, partially offset by (iii) equity settled share-based transactions of RMB19.5 million which were mainly due to the amortization of share options which were granted to Mr. Li Yi under the [REDACTED] share option scheme in the second half of 2024. For further

SUMMARY

details, see “History, Reorganization and Corporate Structure—[REDACTED] Investments”, the Consolidated Statements of Changes in Equity in the Accountants’ Report as set out in Appendix I and Note 23 and 25(a) to the Accountant’s Report as set out in Appendix I.

Summary of Consolidated Cash Flow Statements

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the Year Ended December 31,			As of/for the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands)			(unaudited)	
Net cash used in operating activities	(104,285)	(132,879)	(114,273)	(49,989)	(41,697)
Net cash (used in)/generated from investing activities	(58,724)	37,559	(8,993)	73,790	20,924
Net cash generated from financing activities	64,969	56,704	217,391	207,605	52,533
Net (decrease)/increase in cash and cash equivalents	(98,040)	(38,616)	94,125	231,406	31,760
Cash and cash equivalents at the beginning of the year/ period	176,941	78,911	40,326	40,326	134,462
Effect of foreign exchange rate changes	10	31	11	6	11
Cash and cash equivalents at the end of year/period	78,911	40,326	134,462	271,738	166,233

We have recorded net cash used in operating activities of RMB104.3 million, RMB132.9 million, RMB114.3 million in 2022, 2023 and 2024, respectively, primarily due to the net loss recorded and increases in our trade receivables, mainly due to our business growth. Our net cash used in operating activities for the six months ended June 30, 2025 was primarily due to the net loss recorded and a decrease in trade receivables and prepayments, partially offset by a decrease in trade payables. For details, see “Financial Information—Liquidity and Capital Resources.”

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) payment for the purchase of property and equipment, and intangible assets, and (iii) lease payment. Our historical monthly average cash burn rate was, RMB10.1 million, RMB12.6 million, RMB13.8 million and RMB8.1 million in 2022, 2023 and 2024 and for the six months ended June 30, 2025, respectively. We had cash and cash equivalents, restricted cash, and current portion of other financial asset of RMB155.6 million in aggregate as of [October 31], 2025. We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] in this document.

Assuming that the average cash burn rate going forward will be RMB10.3 million, based on the management forecast and the underlying assumptions that (i) the number of our employees will align with our recruiting plan and not increase unexpectedly; (ii) no substantial unexpected capital expenditures; (iii) no other acquisitions or investments; and (iv) seasonality of our business is taken into account, we estimate that our cash and cash equivalents, and current portion of other financial assets (which primarily includes certificates of deposit, bank structured deposits and fixed deposits which are readily liquidatable on demand) as of [October 31], 2025 will be able to maintain our financial viability for approximately [REDACTED] months ending [REDACTED] or, if we take into account [10]% of the estimated [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [REDACTED] months ending [REDACTED]

SUMMARY

[REDACTED] or, if we also take into account [100]% of the estimated [REDACTED] from the [REDACTED], approximately [REDACTED] months ending [REDACTED]. Besides, as of [October 31], 2025 we had unutilized banking facilities of RMB256.6 million, which will be used to further fund our operations, if necessary, before we begin to record net profit and net operating cash inflow. We will continue to monitor our cash flows from operations closely. We do not expect to have next round of financing before the [REDACTED].

Based on the above analysis and taking into account of the financial resources available to us described above (including: (i) our estimated future operating cash flows; (ii) cash and cash equivalents on hand; (iii) available banking facilities; and (iv) estimated [REDACTED] from the [REDACTED]), the Directors, as concurred by the Joint Sponsors, are of the view that the Company has sufficient working capital for our requirements for at least the next 12 months from the date of this document.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates/for the periods indicated:

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin (%) ⁽¹⁾	65.0	54.2	51.1	41.1
Current ratio ⁽²⁾	0.18	1.07	1.41	1.17
Quick ratio ⁽³⁾	0.12	1.00	1.35	1.10

Notes:

(1) Gross profit margin is calculated by dividing gross profit by our revenue for the period indicated.

(2) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

(3) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the date indicated.

See “Financial Information—Key Financial Ratios” for details.

PATH TO PROFITABILITY

We have experienced revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our products and solutions. Our revenue increased by 50.8% from RMB170.0 million in 2022 to RMB256.3 million in 2023 and further increased by 12.1% to RMB287.4 million in 2024. Our revenue increased by 62.0% from RMB33.2 million for the six months ended June 30, 2024 to RMB53.8 million for same period in 2025. According to Frost & Sullivan, the global digital twin solution market size grew from US\$3.9 billion in 2020 to US\$10.0 billion by 2024, at a CAGR of 26.4% from 2020 to 2024, and it is projected to grow further and reach US\$37.9 billion by 2029, at a CAGR of 30.6% from 2024 to 2029. With further penetration and development of the digital twin solution market, and by launching new products and solutions and upgrading existing products and solutions, we expect that we will capture the trend of industry growth and realize further increase of our revenue.

We recorded gross profit of RMB110.4 million, RMB139.0 million, RMB146.9 million, RMB16.6 million and RMB22.1 million, and gross profit margin of 65.0%, 54.2%, 51.1%, 50.0% and 41.1% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. The overall decrease in our gross profit margins during the Track Record Period was mainly attributable to changes in our revenue composition. Our products and solutions are

SUMMARY

mainly provided on a project-by-project basis and our gross profit margin may vary from project to project. While our overall revenue increased, an increasing portion was derived from solutions with higher customization requirements, which typically require more hardware content and higher associated costs. Specifically, the decrease in gross profit margin from 2022 to 2023 was mainly attributable to projects with higher hardware content. For instance, the customized project for Customer F, our largest customer in 2023 required us to integrate many physical servers together with our software solutions. For details of our solutions developed for Customer F, see “Business—Our Customers.” From 2023 to 2024, the decrease in gross profit margin was mainly attributable to the increased revenue contribution of certain Smart Village projects which had a lower profit margin as we served the role similar to system integrators or project coordinators in such projects, and higher costs associated with two separate projects under 51Sim, including a complex tunnel driving simulation platform project and an autonomous driving simulation and testing platform project that involved extensive man-hours required for the development and customization. From the six months ended June 30, 2024 to the six months ended June 30, 2025, the decrease in gross profit margin was mainly attributable to lower gross profit margin of 51Aes which decreased from 60.3% million for the six months ended June 30, 2024 to 43.3% for the six months ended June 30, 2025 primarily due to the Beijing Changping District Smart Village project as we served the role similar to system integrators in such project partially offset by the increase in gross profit margin of 51Sim, which was primarily because gross profit margin for 51Sim was relatively lower at negative 9.6% in the first half of 2024 (compared to 29.4% in the first half of 2025) mainly due to writedown of inventory of approximately RMB1.9 million pertaining to a simulation testing system developed for a globally reputable automotive brand. This simulation testing system development project marked our first collaboration with this automotive brand on a production simulation testing project. The full year 2024 gross profit margin demonstrates that such inventory write-down was confined to the first half of 2024 rather than a persistent issue affecting overall business performance. For details, see “Financial Information—Period to Period Comparison of Results of Operations.”

We had a net loss of RMB189.8 million, RMB87.1 million, RMB79.0 million, RMB65.1 million and RMB94.0 million in 2022 and 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. Eliminating impact of items including (i) changes in carrying amount of financial instruments issued to investors, (ii) share-based payment and (iii) [REDACTED], we generated an adjusted net loss (non-IFRS measure) of, RMB132.4 million, RMB68.1 million, RMB43.1 million, RMB60.3 million and RMB67.2 million in 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. See “Financial Information—Description of Major Components of Our Results of Operations—Non-IFRS Measure.” Our adjusted net losses (non-IFRS measure) were primarily due to the significant amounts of selling expenses, general and administrative expenses and research and development costs incurred during the Track Record Period. We also experienced net operating cash outflows amounting to RMB104.3 million, RMB132.9 million, RMB114.3 million, RMB50.0 million and RMB41.7 million, respectively, in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, primarily due to the net losses incurred. Historically, we have made significant investments in our R&D activities and selling efforts as we continued to develop and commercialize our products and solutions and expand our brand influence. However, as we expand the scale and scope of our business, we expect to make continuous improvement to our operational efficiency.

Despite that during the Track Record Period our revenue and gross profit continued to increase, and our net loss and adjusted net loss (non-IFRS measure) narrowed, we may continue to incur net

SUMMARY

losses and net operating cash outflow in the near future, including an increase in net loss in the year ending December 31, 2025 primarily due to the expected substantial operating costs and expenses. In the future, we aim to improve profitability through: (i) enriching our business models, products and solutions, (ii) optimize customer base, and (iii) enhancing our operational efficiency.

See “Business—Path to Profitability” for further details.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Li held approximately 12.5% direct interest in our Company. Separately, our Company was held as to approximately 12.3% by Starcraft Technology, which was in turn held as to 92.7% by Mr. Li, and together with the Shares held directly by Mr. Li, Mr. Li was interested in approximately 24.7% in our Company.

Immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED], no new Shares are issued under our [REDACTED] Share Option Scheme and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED], Mr. Li will directly and indirectly hold an aggregate of approximately [REDACTED]% of the issued share capital of our Company. Accordingly, Mr. Li and Starcraft Technology will be our Single Largest Group of Shareholders immediately upon the [REDACTED].

For further details about our Single Largest Group of Shareholders, please see the section headed “Relationship with our Single Largest Group of Shareholders”.

OUR SOPHISTICATED INDEPENDENT INVESTORS

We have received meaningful investments from our sophisticated independent investors, namely LS 51World, Sky9 51World and Sense Time.

LS 51World is wholly owned by Lightspeed China Partners II, L.P., which is under the brand of Lightspeed China Partners. LS 51World and Lightspeed China Partners II, L.P. are under the brand of Lightspeed China Partners whose primary purpose is to serve entrepreneurs as a lead investor in early stage and emerging growth companies in technology sectors. Lightspeed China Partners supports China’s innovation and is committed to working with entrepreneurs to realize sustainable development. Lightspeed China Partners II, L.P. invested in our Company in Series A financing in 2015, Series A+ financing in 2016 and Series B financing in 2017. LS 51World invested in our Company in Series C financing in 2020. The aggregate investment amount received by our Company from LS 51World and Lightspeed China Partners II, L.P. is approximately USD9.99 million.

Sky9 51World is wholly owned by Sky9 Capital MVP Fund, L.P., which operated under the brand of Sky9 Capital. Sky9 Capital is a leading venture capital fund dedicated to supporting disruptive technologies and outstanding innovators around the world to drive change and create positive impact for society, the environment and individual lives. Sky9 Capital is supported by a group of world-class institutional investors including sovereign wealth funds, foundations, pension funds and family offices. Sky9 51World invested in our Company in Series C financing in 2020 and the aggregate investment amount received by our Company from Sky9 51World is approximately USD5.49 million.

SenseTime (a directly wholly-owned by SenseTime Group Inc., a company listed on the Stock Exchange (stock code: 0020.hk)) is a leading AI software company focused on creating a better

SUMMARY

AI-empowered future through innovation. Its principal activities are the sale of advanced AI software platform and related services, sale of AI software-embedded hardware and related services, Artificial Intelligence Data Center service as well as research and development activities in relation to AI technology. SenseTime invested in our Company in Series B financing in 2017 and the aggregate investment amount received by our Company from SenseTime is USD4.0 million.

As of the Latest Practicable Date, LS 51World, Sky9 51World and SenseTime are interested in 17.32%, 3.4% and 2.3% of shareholding in the total share capital of our Company, respectively. Assuming that no new Shares are issued under the [REDACTED] and the [REDACTED] Share Option Scheme, LS 51World, Sky9 51World and SenseTime will be interested in approximately [REDACTED]%, [REDACTED]% and [REDACTED]% of the total share capital of our Company upon [REDACTED], respectively.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [REDACTED] of, and the permission to deal in (i) the H Shares to be converted under the conversion of the Unlisted Shares into H Shares, (ii) the H Shares to be issued pursuant to the [REDACTED] and upon the exercise of the [REDACTED] Option, and (iii) the H Shares to be issued pursuant to the [REDACTED] Share Option Scheme, on the basis that, among other things, we satisfy the requirements under Rule 18C.03 of the Listing Rules as a Commercial Company (as defined in the Listing rules) with reference to our expected [REDACTED] at the time of [REDACTED], which, based on the [REDACTED] of HK\$[REDACTED] (being the low end of the [REDACTED] stated in this document), exceeds [REDACTED].

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly issued in the [REDACTED], (ii) the [REDACTED] Option for the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
[REDACTED] of our Shares ⁽¹⁾	[REDACTED]	[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share ⁽²⁾	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted net tangible asset per Share as of June 30, 2025 is calculated after making the adjustments referred to in Appendix II and on the basis that [REDACTED] Shares are expected to be in issue immediately upon completion of the [REDACTED].

For the calculation of the unaudited [REDACTED] adjusted net tangible assets per Share, see the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

FUTURE PLANS AND [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per H Share), we estimate that we will receive [REDACTED]

SUMMARY

[REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for our research and development initiatives. More specifically:
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for the research and development of 51Aes;
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for the research and development of 51Sim; and
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for the research and development of 51Earth;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for marketing activities in China and overseas; and
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

For more details, see “Future Plans and [REDACTED].”

DIVIDEND

We are a holding company incorporated under PRC laws. During the Track Record Period, we did not declare or pay any dividends. Pursuant to our Articles of Association, our Board will formulate the dividends distribution plan after taking into account our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association, applicable PRC law and approval by our Shareholders. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. As at the Latest Practicable Date, we had not adopted any formal dividend policy, nor had we set any dividend payout ratio.

[REDACTED]

Our [REDACTED] mainly include [REDACTED] fees and commissions and professional fees paid to legal, accounting and other advisors for their services rendered in relation to the [REDACTED] and the [REDACTED]. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] and assuming that the [REDACTED]

SUMMARY

[REDACTED] is not exercised) for the [REDACTED] will be approximately HK\$[REDACTED] million (including (i) [REDACTED] commission of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountants of HK\$[REDACTED] million and other fees and expenses of approximately HK\$[REDACTED] million), accounting for approximately of [REDACTED]% of our gross [REDACTED] from the [REDACTED]. An estimated amount of HK\$[REDACTED] million for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED] has been expensed or is expected to be expensed through profit or loss and the remaining amount of HK\$[REDACTED] million is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We incurred [REDACTED] of approximately RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) by June 30, 2025.

OUR INCENTIVE SCHEMES

We adopted the [REDACTED] Share Incentive Scheme on June 28, 2023 which was further amended on August 9, 2024, and adopted the [REDACTED] Share Option Scheme on August 9, 2024. The terms of the [REDACTED] Share Incentive Scheme and the [REDACTED] Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of options or Shares by our Company after our [REDACTED].

For further details about the [REDACTED] Share Incentive Scheme and the [REDACTED] Share Option Scheme, please see the section headed “Appendix VI—Statutory and General Information—4. Our Incentive Schemes”.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business continued to progress normally subsequent to the Track Record Period.

In response to the development of open-source large language models, we have increased AI-related investments by focusing on “AI×3D” integration, forming specialized AI teams, and developing use case-specific solutions in areas such as AI campus, embodied intelligence, and tourism applications. Specifically, “AI×3D” refers to our approach of leveraging 3D scene data annotation and multi-modal training data generated from 51AES to train AI models enabling them to achieve spatial understanding and cognition of 3D environments, thereby facilitating spatial computing functions for digital twin applications. To support this initiative, we have established a dedicated AI team of 28 personnel as of the Latest Practicable Date covering AI algorithm development, 3D engine development, data engineering, product and interaction design, and testing.

We have made progress in expanding our 51Sim products to broader industrial sectors, such as intelligent equipments and embodied intelligence. We have already secured collaborations with two strategic customers — one in the agricultural machinery sector and one in the port equipment sector — demonstrating our ability to expand the application scenarios for our simulation capabilities. As of June 30, 2025, we have completed delivery of both these agriculture machinery and port equipment projects to these customers. For details, see “Business — Path to Profitability — Enriching our business models, products and solutions”

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial, trading position or prospects since June 30, 2025, being the end date of our latest audited financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

SUMMARY

We expect to experience an increase in net loss for the year ending December 31, 2025, which is primarily due to (i) our selling expenses as we continue to expand our business; (ii) our investments in research and development of our technologies and solutions, and (iii) administrative expenses/share-based compensation. Except for the expected increase in research and development expenses, selling expenses, and general and administrative expenses, we do not expect to experience any other material increase in our expenses for the year ending December 31, 2025.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in “Glossary of Technical Terms” in this document.

“Accountants’ Report”	the accountants’ report of our Group for the Track Record Period, the text of which is set out in Appendix I
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing 51Sim”	Beijing 51Sim Technology Co., Ltd. (萬物鏡像(北京)計算機系統有限公司), a limited liability company established under PRC laws on June 1, 2015 and a direct non-wholly owned subsidiary of our Company
“Beijing 51Sim Stock Option Scheme”	the stock option scheme of Beijing 51Sim adopted on August 4, 2023
“Board” or “Board of Directors”	the board of Directors of the Company
“business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAGR”	compound annual growth rate

[REDACTED]

DEFINITIONS

“China” or “the PRC”	the People’s Republic of China, and, unless the context requires otherwise and solely for the purpose of this document such as describing legal or tax matters, authorities, entities, or persons, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan region of the People’s Republic of China
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Commercial Company”	has the meaning ascribed to it under Chapter 18C of 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” or “CWUMPO”	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”, “our Company”, or “the Company”	Beijing 51WORLD Digital Twin Technology Co., Ltd. (北京五一視界數字孿生科技股份有限公司), whose predecessor was Host Mobile Green Internet Technology Group Co., Ltd. (當家移動綠色互聯網技術集團有限公司), formerly known as Host Mobile Green Land Internet Technology (Beijing) Co., Ltd. (當家移動綠色置地互聯網技術(北京)有限公司), a limited liability company established under PRC laws on February 16, 2015. On December 1, 2020, Host Mobile Green Internet Technology Group Co., Ltd. (當家移動綠色互聯網技術集團有限公司) was converted into a joint stock limited liability company and renamed Beijing 51WORLD Digital Twin Technology Co., Ltd. (北京五一視界數字孿生科技股份有限公司)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	coronavirus disease 2019, a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2 virus)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	the enterprise income tax

DEFINITIONS

“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), promulgated on March 16, 2007 and came into effect on January 1, 2008 and was most recently amended on December 29, 2018 which became effective on the same date
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[REDACTED]
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“Frost & Sullivan Report”	the report prepared by Frost & Sullivan and commissioned by us
	[REDACTED]
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023, with effect from January 1, 2024, as amended and supplemented from time to time
“H Share(s)”	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
	[REDACTED]
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HK\$”, “HK dollars” or “Hong Kong dollars”

Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

**“Hong Kong Takeovers Code” or
“Takeovers Code”**

Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[REDACTED]

“IFRS Accounting Standards”

IFRS Accounting Standards as issued by the International Accounting Standards Board

“Independent Third Party(ies)”

person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected persons

[REDACTED]

DEFINITIONS

[REDACTED]

**“Joint Sponsors” or
“[REDACTED]”**

China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited

“Latest Practicable Date”

November 26, 2025, being the latest practicable date for ascertaining certain information in this document before its publication

[REDACTED]

**“Listing Rules” or “Hong Kong
Listing Rules”**

the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited

“Main Board”

the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange

“MIIT”

Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)

“Ministry of Finance” or “MOF”

Ministry of Finance of the PRC (中華人民共和國財政部)

“Modern Land”

Modern Land (China) Co., Limited (當代置業(中國)有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 1107.HK)

“Modern Land Group”

collectively, Modern Land and its subsidiaries and related parties

“MOFCOM”

Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Li”	Mr. Li Yi (李熠), an executive Director, chairman of the Board, general manager and a member of the Single Largest Group of Shareholders
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

“Pathfinder SII(s)”	has the meaning ascribed to it in Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of China
“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
“PRC GAAP”	generally accepted accounting principles in China

DEFINITIONS

“PRC government” or “State”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“[REDACTED] Investment(s)”	the pre-[REDACTED] investment(s) in our Company, the details of which are set out in “History, Reorganization and Corporate Structure—[REDACTED] Investments”
“[REDACTED] Investor(s)”	the investor(s) of the [REDACTED] Investment(s)
“[REDACTED] Share Incentive Scheme”	the [REDACTED] share incentive scheme adopted by the Company on June 28, 2023, which was further amended on August 9, 2024
“[REDACTED] Share Option Scheme”	the [REDACTED] share option scheme adopted by the Company on August 9, 2024

[REDACTED]

“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Qingdao Mirrorverse”	Qingdao Mirrorverse Management Consulting Partnership (Limited Partnership) (青島萬物鏡像管理諮詢合夥企業(有限合夥)), previously known as Tianjin Mirrorverse Management Consulting Partnership (Limited Partnership)*(天津萬物鏡像管理諮詢合夥企業(有限合夥)), a limited partnership established on December 24, 2019 and is our employee shareholding incentive platform under our Pre-[REDACTED] Share Incentive Scheme. See “Appendix VI—Statutory and General Information—4. Our Incentive Schemes”
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

DEFINITIONS

“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has now been merged into the SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Single Largest Group of Shareholders”	refers to collectively Mr. Li and Starcraft Technology
“Sophisticated Independent Investor(s)” or “SII(s)”	has the meaning ascribed to it under Chapter 18C.05 of the Listing Rules and in Chapter 2.5 of the Guide for New Listing Applicants, and unless the context otherwise requires, refers to the [REDACTED] Investor(s) the details of which are set out in “History, Reorganization and Corporate Structure—[REDACTED] Investments—Information about the [REDACTED] Investors—Our Pathfinder SIIs and Other Sophisticated Independent Investors”
“Specialist Technology Company”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“Specialist Technology Industry”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“Specialist Technology Product(s)”	has the meaning ascribed to it under Chapter 18C of the Listing Rules

[REDACTED]

DEFINITIONS

“Starcraft Technology”	Starcraft Technology (Beijing) Co., Ltd. (星際宏圖科技 (北京) 有限公司)) (formerly known as Guangfan Technology (Tianjin) Co., Ltd.* (廣泛科技 (天津) 有限公司), a limited liability company established under PRC laws on established on December 13, 2019 and a member of the Single Largest Group of Shareholders of our Company
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Supervisor(s)”	member(s) of Supervisory Committee
“Supervisory Committee”	supervisory committee of our Company
“Track Record Period”	the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025
“Transfer Pricing Advisor”	Daxin Certified Tax Agents Group Co.,Ltd., our advisor as to transfer pricing assessment
“Treasury Shares”	Shares repurchased and held by the Company in treasury (which include Shares repurchased by the Company and held or deposited in [REDACTED] for sale on the Stock Exchange) from time to time
“Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), promulgated by the CSRC on February 17, 2023
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
“U.S. dollars”, “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933 and the rules and regulations promulgated thereunder
	[REDACTED]
“Unlisted Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are not [REDACTED] on any stock exchange

DEFINITIONS

“VAT”	value-added tax
“Xinyi Ruizhi”	Xinyi Ruizhi Management Consulting Partnership (Limited Partnership)* (新沂睿智管理諮詢合夥企業(有限合夥)), previously known as Tianjin Ruizhi Management Consulting Partnership(Limited Partnership)* (天津睿智管理諮詢合夥企業(有限合夥)), a limited partnership established on December 13, 2019.
“Xinyi Yunzhi”	Xinyi Yunzhi Management Consulting Partnership (Limited Partnership)* (新沂雲智管理諮詢合夥企業(有限合夥)), previously known as Tianjin Mingzhi Management Consulting Partnership (Limited Partnership)* (天津明智管理諮詢合夥企業(有限合夥)), a limited partnership established on December 13, 2019 and is originally a follow-on investment platform of employees of Modern Land Group. See “— Major Corporate Development of our Group — Establishment of our Company” and “— Major Corporate Development of our Group — Adoption of the VIE structure and its subsequent termination.”
“Xinyi Zhongzhi”	Xinyi Zhongzhi Management Consulting Partnership (Limited Partnership)* (新沂眾智管理諮詢合夥企業(有限合夥)), previously known as Tianjin Chuangzhi Management Consulting Partnership (Limited Partnership)* (天津創智管理諮詢合夥企業(有限合夥)), a limited partnership established on December 13, 2019 and is originally a follow-on investment platform of employees of Modern Land Group. See “— Major Corporate Development of our Group — Establishment of our Company” and “— Major Corporate Development of our Group — Adoption of the VIE structure and its subsequent termination.”
“%”	per cent

Unless otherwise specified, in this document:

- (a) certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and
- (b) for ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“3DGS”	3D Gaussian Splatting for Real-Time Radiance Field Rendering, a scene reconstruction and rendering technique based on 3D Gaussian bodies. This technique represents the point cloud data in the scene by using a Gaussian distribution and converts these point cloud data into Gaussian bodies during the rendering process. The properties of Gaussian bodies make it possible to efficiently simulate light propagation and scattering in the scene for efficient real-time rendering
“3DTiles”	A format specifically designed for streaming and rendering massive 3D geospatial data (geospatial data refers to data that has a geographic component, including location coordinates and spatial relationships)
“ADAS”	Advanced Driver Assistance Systems, which use sensors and software to enhance vehicle safety and assist the driver
“AI”	artificial intelligence, a new technical science that studies and develops theories, methods, technologies and application systems for simulating, extending and expanding human intelligence
“API”	Application Programming Interface, also known as application program interface, is a contact for interfacing different components of a software system
“BIM”	building information modelling, a process that takes the relevant information data of the construction project as the basis of the model, to establish the building model, through the digital information simulation to simulate the real information of the building
“B/S”	Browser/Server, a software architecture model where the client is accessed through a web browser, while the business logic and data processing are handled by the server
“builder(s)”	our co-builder(s) in the creation of digital earth
“CAD”	computer aided design, a technology used by engineers, architects, and construction managers to digitally create 2D drawings and 3D models of real-world products

GLOSSARY OF TECHNICAL TERMS

“DaaS”	Data as a Service, a data delivery model based on cloud computing technology. It provides data as a service to users and aims to use data as a business asset to improve the agility of business innovation
“Data-Driven Closed-Loop”	A system approach that continuously optimizes through collected data. By collecting, processing, and analyzing data in simulation tests, the system feedbacks results to improve algorithms, creating an automatic feedback loop. This method enhances the performance and adaptability of intelligent driving systems.
“data middle platform”	an integrated framework that centralizes and standardizes data management, processing, and analysis within an organization. It acts as a bridge between data sources and end-users by providing a unified infrastructure for data collection, storage, transformation, and distribution. This platform enables efficient data sharing, reduces redundancy, and ensures consistency across various business units. It supports real-time data processing, advanced analytics, and the development of data-driven applications, facilitating better decision-making and operational efficiency
“developer(s)”	developer(s) of consumer applications on our digital earth platform
“distributed cloud simulation”	a computational technique that leverages the resources of multiple cloud-based servers to execute and manage simulation tasks across a distributed network. This approach allows for the concurrent processing of complex simulations, enabling large-scale and highly detailed modeling that would be impractical on a single machine. By utilizing the scalability and flexibility of cloud computing, distributed cloud simulation supports real-time data analysis, enhances computational efficiency, and reduces the time required for simulation runs
“embodied AI”	artificial intelligence integrated into physical entities or robots that interact with the environment, using sensors and actuators to perceive, reason and act in real-world contexts
“End-to-end simulation”	a comprehensive simulation process that covers all stages from input to output without manual intervention
“event”	entity that controls the simulation world or responds to it. Events are achieved by triggering actions and giving user-defined conditions

GLOSSARY OF TECHNICAL TERMS

“GIS”	Geographic Information System, a technical system that collects, stores, manages, calculates, analyzes, displays and describes the geographical distribution data of the entire or part of the Earth’s surface (including the atmosphere) with the support of computer hardware and software systems
“GUI”	Graphical User Interface, based on WDP API, it helps developers to lower the threshold of digital twin application development and provides B/S development tools for rapid data access, building data panels and scene interaction
“humanoid robots”	robots resembling the human body in shape and size and with the ability to mimic human motion, expressions, interaction, and movements
“ICV”	Intelligent Connected Vehicle, vehicles equipped with advanced sensing, communication, and processing capabilities to enable smart and connected driving features
“IoT”	Internet of Things, refers to the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between the devices themselves
“LiDAR”	Light Detection and Ranging, a remote sensing technology that uses laser light to measure distances and create detailed 3D maps of environments
“L3, L4 and L5”	levels of driving automation as defined by the Society of Automotive Engineers (SAE), where L3 represents conditional automation, L4 represents high automation, and L5 represents full automation
“Metadata”	data that provides information about other data, typically including details about content, quality, condition, and other characteristics
“NeRF”	Neural Radiance Field, a computer graphics technique used to generate realistic 3D scenes. It is based on a neural network model that learns information about the radiance of each point in the scene so that it can accurately predict the appearance of objects and lighting effects in the scene
“OpenDRIVE”	an open standard file format developed by Association for Standardization of Automation and Measuring Systems (ASAM) to describe the logical information of traffic roads, including lanes, intersections, traffic signs and signal lights. It enables simulation software to accurately reproduce the real-world traffic environment

GLOSSARY OF TECHNICAL TERMS

“OpenSCENARIO”	an open standard developed by Association for Standardization of Automation and Measuring Systems (ASAM) for describing complex traffic scenarios and vehicle dynamics. It allows users to define vehicle behaviors and events in detail to support the development of traffic simulation and driving simulation
“open platform”	a system architecture that allows third-party developers, partners, and users to freely integrate, extend, and customize the platform through standardized APIs, protocols, and interfaces
“OpenSDK”	Open Software Development Kit, an open development interface, which is one of the core modules of the TIM traffic information model platform independently developed by the Company
“OSGB”	Open Scene Graph Binary, a binary storage format with embedded linked texture data (.jpg), which is generally used to organise the data of commercially produced tilt models, especially the tilt-photographed 3D models processed by Smart3D
“quadruped robotic systems”	four-legged autonomous or semi-autonomous machines designed to mimic animal locomotion to achieve stable and versatile movement
“SaaS”	software as a service, a cloud-based software delivery model in which the software provider develops and maintains cloud software application, provides automatic software updates, and makes software available to its customers via the internet on a subscription basis
“semantic data”	information that is enriched with metadata to provide context and meaning, enabling a deeper understanding of the data’s content and relationships. This type of data is structured in a way that allows for more effective data integration, interoperability, and automated processing by machines. By using ontologies, taxonomies, and data models, semantic data facilitates the extraction of insights, improves search accuracy, and enhances the ability to perform complex queries. It is a key component in the development of intelligent systems, semantic web technologies, and data-driven applications
“Spatial and temporal data”	data that contains both location (spatial) and time (temporal) information
“UGC”	user-generated content

GLOSSARY OF TECHNICAL TERMS

“V2X”	Vehicle-to-Everything, referring to the communication technology between vehicles and everything. It is a technology based on communication technologies such as vehicle-to-vehicle (V2V), vehicle-to-infrastructure (V2I), vehicle-to-pedestrian (V2P), and vehicle-to-network (V2N) to achieve mutual communication and information exchange between vehicles and the surrounding environment, other vehicles, transportation infrastructure, and networks
“vector data”	a digital representation of geographic features using geometric shapes defined by coordinates, which maintains quality when scaled and allows for efficient storage of discrete spatial features with associated attributes
“WEBGL”	Web Graphics Library, a JavaScript API for rendering interactive 3D and 2D graphics within web browsers
“WDP”	WORLD Developer Platform, a digital twin application and development platform that provides developers with features such as multi-source data import, intuitive scene creation, low-code development, open APIs, and other digital twin development services.
“XIL (X-in-the-Loop) Simulation”	a method used in engineering and testing where different parts of a system (like software, hardware, or models) are integrated into a loop for real-time simulation. “X” represents various types, such as Software-in-the-Loop (SIL), Hardware-in-the-Loop (HIL), and Model-in-the-Loop (MIL)
“XR”	extended reality, an umbrella term to refer to augmented reality (AR), virtual reality (VR), and mixed reality (MR). The technology is intended to combine or mirror the physical world with a “digital twin world” able to interact with it, giving users an immersive experience by being in a virtual or augmented environment

FORWARD-LOOKING STATEMENTS

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

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

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the digital twin industry;
- our expectations regarding demand for and market acceptance of our products and solutions;
- our expectations regarding our relationships with customers, business partners, suppliers and other third parties;
- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- our ability to attract and retain qualified personnel;
- competition in the industries and markets in which we operate or into which we intend to expand;
- our proposed [REDACTED];
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;
- relevant government policies and regulations relating to industries which we operate in; and
- all other risks and uncertainties described in “Risk Factors.”

FORWARD-LOOKING STATEMENTS

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

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

RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should carefully consider all of the information in this document, including the following risk factors before making any [REDACTED] decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The [REDACTED] of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your [REDACTED].

We are in the early stage of commercialization. In addition, we have recorded operating loss in the past, and expect to continue incurring adjusted net loss (non-IFRS measure) and operating loss in the near future. We believe that there are certain risks involved in our operations, many of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our general operations and industry; (ii) risks relating to the commercialization of our products and solutions; (iii) risks relating to our intellectual property rights; (iv) risks relating to our financial condition and need for additional capital; (v) risks relating to government regulations; and (vi) risks relating to the [REDACTED]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

If we are unable to introduce new solutions and products in a timely manner and at competitive prices, our business could be adversely affected.

We compete in the rapidly evolving digital twin industry, which is characterized by iterative technology, evolving industry standards, and continuous improvements in features and functionality. To meet customer demand for our solutions and products, we must continue to introduce new solutions, products and technologies and enhance our existing solutions and products. There can be no assurance that the new solutions and products we are developing will be released in a timely manner to meet our customers’ needs or will be successfully commercialized at a reasonable cost.

Customer demand for our solutions and products may change from time to time and depends on a variety of factors, including general economic conditions, changes in public infrastructure, technological advances, public perception of digital twin solutions, the regulatory environment, and other factors beyond our control. Our success depends on our ability to anticipate, identify and respond to these trends in a timely manner.

The immaturity or high cost of the technology may result in a delay in market demand for related digital twin products and solutions. Our future success will depend on the maturity of the underlying technology, the overall market, and our ability to develop and introduce a variety of new features and innovations to our existing products and to introduce a variety of new products to meet changing market needs.

Our planned expansion is based on our assessment of the market outlook. There can be no assurance that our estimates will prove to be correct or that our investments will produce the expected returns. Even if we are successful in developing new products, there can be no assurance that the new solutions and products we are developing will be released in a timely manner or will achieve the expected level of market acceptance. Delays in introducing solutions and products, failure to properly

RISK FACTORS

select technology alternatives, or failure to offer innovative products or features at competitive prices could have an adverse effect on our business, financial condition, and results of operations.

Should our customers become more cautious about investing in new technologies as a result of macroeconomic impacts and their own business conditions, our business, results of operations, and financial condition will be adversely affected.

The digital twin industry is a nascent sector that has given rise to a plethora of new technologies, products, and solutions. The market demand for new technologies and products is influenced by a number of factors, including customer spending power, user preferences, cost considerations, regulatory requirements, data security, the evolution of our customers’ businesses and the industries in which they operate. In the event of an economic downturn or financial pressures on customers, a more cautious approach to spending in new technologies, products and solutions may be observed. Should customers become more cautious in their demand for and purchase of new products and solutions as a result of macroeconomic factors, our business, results of operations, and financial condition could be adversely affected.

We have made significant investments in research and development. It is not possible to guarantee that all of these activities will yield the anticipated benefits within a relatively short timeframe.

To remain competitive, it is essential that we maintain a robust research and development program to develop new solutions and products and to enhance our existing solutions and products, while keeping pace with our competitors. Our research and development efforts are focused on three key technologies, including 3D graphics, simulation, and AI. These are ambitious initiatives, and there is no guarantee that all of these efforts will deliver the expected benefits in a relatively short period of time. It is essential that we invest in research and development based on our view of the most promising approaches to meet the needs of future customers in rapidly evolving markets. If our research and development efforts do not result in timely improvements in utility, accuracy, safety, cost, and operational efficiencies, our competitive position will be jeopardized.

Our long-term success in the competitive environment depends on our ability to continually develop and commercialize solutions and products. As a result, we have made significant investments in research and development. Our research and development expenses were RMB134.2 million, RMB102.9 million, RMB58.3 million, RMB28.6 million and RMB30.1 million in 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. We plan to incur substantial, and potentially increasing, research and development expenses as part of our efforts to design, develop, manufacture and commercialize new solutions and products and enhance existing solutions and products. However, we cannot guarantee that our investments will increase our competitiveness, generate financial returns in the short term or contribute to our future results of operations for several years, or at all. The contributions of our research and development efforts at times may not meet our expectations or even cover the costs of such investments, which would adversely affect our business, results of operations and financial condition.

Exploring new business models and developing new products and solutions involves risks and challenges.

We have a track record of successfully exploring new business models and developing new products and solutions in the digital twin industry. We cannot assure you, however, that we will be able to maintain this momentum in the future. Expanding offering categories into new areas involves

RISK FACTORS

costs, risks and challenges. Exploration of new business models and development of new products and solutions may place significant strain on our management and resources and incur substantial R&D and other costs and expenses before generating any revenues. For instance, with our latest venture, 51Earth.com which was launched in March 2024, we aim to explore diverse monetization opportunities for digital Earth technology and expand towards scenarios with increased consumer involvement such as cultural tourism. For details of 51Earth’s latest development, see “Business—Path to Profitability.” Our lack of familiarity with new business models may make it more difficult for us to keep pace with the evolving customer demands and preferences. In addition, there may be one or more existing market leaders in any market that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that market as well as their deeper industry insight and greater brand recognition among customers. We may need to comply with new laws and regulations applicable to these businesses.

Our success depends largely on the continued service of our senior management and key R&D personnel and our ability to recruit, train or retain qualified personnel or sufficient workforce while controlling our labor costs.

Much of our future success depends on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers, our senior management team and other highly skilled employees could harm our business. Competition for qualified talent is intense. Our future success depends on our ability to attract a large number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth may be materially and adversely affected.

We intend to hire additional qualified employees, particularly R&D personnel, to support our business operations and expansion. Our experienced mid-level managers also are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our managerial and operating systems also depends on the hard work and quality performance of our management and employees. Since the industry we are in is characterized by high demand and intense competition for talent and labor, we cannot provide any assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely manner, or at all, and rapid expansion may impair our ability to maintain a collegial corporate culture.

We may face numerous risks associated with conducting operations in global markets.

We anticipate growth in international markets, increased international sales of our products and solutions, and enhanced international recognition. For the years ended December 31, 2022 and 2023 and 2024 and the six months ended June 30, 2024 and 2025, the revenue generated from international markets amounted to RMB5.7 million, RMB6.0 million, RMB18.2 million, RMB2.3 million and nil, respectively. Despite our investment of resources and close collaboration with business partners outside of China to expand our international business and sales channels, these efforts may be subject to numerous risks, including related legal, regulatory, political, economic, commercial, and other risks. Any of these risks could have an adverse impact on the progress of our globalization, our financial condition, and other matters. These risks include the following:

- legal, regulatory, political, economic and commercial instability and uncertainty;

RISK FACTORS

- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- changes in international trade policies and regulations including those in relation to economic sanctions, export controls, and import restrictions, as well in trade barriers such as imposition of tariffs;
- difficulty in coping with possible conflict of laws resulting from sanctions and import/export controls measures of different jurisdictions where we operate;
- changes in foreign country regulatory requirements, including data privacy laws;
- complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in obtaining, or exercising and/or enforcing intellectual property rights;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- foreign currency exchange rate fluctuations;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation or deflation, and changes in interest rates;
- trade customer insolvency and the inability to collect accounts receivable;
- misconduct by our customers beyond our control, including but not limited to breaching the agreements with them, policies that we require them to adhere to, and laws and regulations of various jurisdictions that are applicable to them;
- labor disputes and work stoppages at our operations and suppliers; and
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing presence.

The size of our addressable markets and the demand for our products and solutions may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations, financial condition and prospects.

We are pursuing opportunities in markets that are undergoing rapid changes, including technological and regulatory changes, and it is difficult to predict the timing and size of the opportunities for each of our products and solutions. See “—Risks Relating to Our General Operations and Industry—We operate in highly competitive markets and some market participants may have substantially greater resources. We compete with a large number of both established competitors and new market entrants.”

This document contains estimates and forecasts concerning our industries, including estimates of the addressable markets of our current and anticipated future products and solutions, that are based on industry publications and reports or other publicly available information. These estimates and forecasts involve a number of assumptions and limitations, and are subject to significant uncertainty, and you are cautioned not to give them undue weight. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there

RISK FACTORS

can be no assurance as to the accuracy and completeness of the included information. We have not independently verified this third-party information. Similarly, our internal estimates and forecasts are based on a variety of assumptions, including the manner in which those new and rapidly evolving markets will develop. These assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates and forecasts may prove to be incorrect. If third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, the addressable markets for our products and solutions may be smaller than we have estimated, our future growth opportunities and sales growth may be smaller than we estimate, and our future business, results of operations and financial condition may be materially and adversely affected.

According to Frost & Sullivan, the market size of digital twin solution market in China has reached RMB12.2 billion in 2024, and it is expected to reach RMB50.3 billion in 2029 with a CAGR of 32.7% from 2024 to 2029. Our future financial performance will depend on our ability to make timely investments in the correct market opportunities. If one or more of these markets experience a shift in customer or prospective customer demand, then our products and solutions may not compete as effectively, if at all, and they may not be incorporated into commercialized end customer products. Given the evolving nature of the markets in which we operate, it is difficult to predict customer demand or adoption rates for our products and solutions or the future growth of the markets in which we operate. There is also no guarantee that our business will be successful simply because of the future addressable markets of our products and solutions, or because of the trends of the addressable markets of our products and solutions. If demand does not develop or if we cannot accurately forecast customer demand, then the size of our markets, results of operations and financial condition would be adversely affected.

We operate in highly competitive markets and some market participants may have substantially greater resources. We compete with a large number of both established competitors and new market entrants.

The digital twin industry is highly competitive, and we expect that it will become even more competitive in the future. Our future success will depend on, among other things, our ability to continue developing superior advanced technologies to remain competitive with our existing and any new competitors. Competition is based on, among other things, cost efficiency, reliability, the ability to develop and deploy increasingly complex technologies that provide accurate and real-time digital replicas of physical assets, compliance with existing and future regulations, the ability to gather or access large datasets to train and validate digital twin models, the ability to cost-effectively deploy software solutions, the ability to integrate technologies with existing systems and processes, adoption by key industries, and the ability to develop and maintain strategic relationships with our current and potential business partners in various sectors, among others.

Some established and new technology companies have entered, or are reported to have plans to enter, the market for digital twin solutions and products. Some of our competitors may have significantly greater or better-established resources than we do to devote to the design, development, manufacturing, distribution, promotion, sale, and support of their products. Companies that seek to develop their own in-house digital twin solutions may also become indirect competitors. Some current users of our solutions and products may decide to design in-house solutions to replace our solutions and products that they currently implement. Additional competitors that could emerge include large technology companies that are resource-rich and able to deploy such resources to compete.

RISK FACTORS

Additionally, increased competition may result in pricing pressure and reduced margins and may impede our ability to increase the sales of our solutions and products or cause us to lose market share, any of which will adversely affect our business, financial condition, and results of operations.

Our business and results of operations are subject to seasonal fluctuations.

We experience seasonality in our business, primarily because of seasonal fluctuations in customer procurement demands. During the Track Record Period, we generally recorded higher revenues for our products and solutions in the fourth quarter of the year, primarily because certain of our customers tend to complete their inspection and accept our products and solutions in the fourth quarter, which cause us to recognize revenue in the fourth quarter according to relevant revenue recognition policy.

We expect the impact of seasonality on our business to continue in the future. However, due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results. Fluctuations due to seasonality may materially and adversely affect the predictability of our results of operations.

Defects in our products and solutions could cause us to incur significant expenses to remediate, which can damage our reputation and cause us to lose market share.

Our products and solutions are complex. They may contain defects or security vulnerabilities or experience failures or unsatisfactory performance due to any number of issues. These risks may increase as our products are introduced into new markets, technologies and applications or as new versions are released. Software products we or our partners offer rely on training data that may originate from third parties and new training methods, and the resulting products may contain unknown or undetected defects and errors, or reflect unintended bias. Some failures in our products or solutions may in the future be only discovered after a product or solution has been used. Undiscovered vulnerabilities in our products or solutions could result in loss of data or intangible property, or expose our customers to unscrupulous third parties who develop and deploy malicious software programs that could attack our products or services. Defects or failure of our offerings to perform to specifications could lead to substantial damage to the products in which our offerings have been integrated by integrators, and to the user of such end product. Any such defect may cause us to incur significant warranty, support and repair or replacement costs. During the Track Record Period, we did not incur any costs for such defects. In addition, defects may also cause us to write-off the value of related inventory, and divert the attention of our engineering and management personnel from our product development efforts to find and correct the issue. Our efforts to remedy these issues may not be timely or satisfactory to our customers. An error or defect in new products, releases or related software drivers after commencement of commercial delivery could result in failure to achieve market acceptance, temporary or permanent withdrawal from a product or market and harm to our relationships with existing and prospective customers and partners and consumers’ perceptions of our brand, which would in turn negatively impact our business operations, gross margin, revenue and/or financial results. We may be required to reimburse our customers, partners or consumers, or pay fines imposed by regulatory agencies.

During the Track Record Period and up to the Latest Practicable Date, there were no actual incidents of product defects.

RISK FACTORS

AI technologies are constantly evolving. Any flaws or inappropriate usage of AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.

AI technologies are still at a preliminary stage of development and will continue to evolve. Flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of the analysis and decisions made by our solutions. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. If the recommendations, forecasts or analysis that our AI solutions assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and ethical or reputational harm. Any flaws or deficiencies in our AI technologies and solutions, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects.

Similar to many disruptive innovations, AI technologies present risks and challenges that could affect user perception and public opinion. Any inappropriate, abusive or premature usage of AI technologies, whether actual or perceived, whether intended or inadvertent, and whether by us or by third parties, may dissuade prospective users from adopting AI solutions, may impair the general acceptance of AI solutions by the society, attract negative publicity and adversely impact our reputation. It may even violate applicable laws and regulations in China and other jurisdictions and subject us to legal or administrative proceedings, pressures from activists and/or other organizations and heightened scrutiny by regulators. Each of the foregoing events may in turn materially and adversely affect our business, financial condition and results of operations.

If the data used by our users are out of date, inaccurate or lacking credible information, the performance of our solutions will be adversely affected, which could adversely impact our business.

Low quality or inaccurate data could materially affect the performance of our solutions. We cannot ensure the accuracy and timeliness of the various sources of data that our users use in utilizing our solutions for various reasons. For example, the information available to our users may be limited. As a result, the data labels may be out of date, inaccurate or lacking credible information. In such events, our solutions may not be able to generate satisfactory results. Consequently, there may be negative conceptions about our solutions and services, which could adversely affect our reputation, business operations and financial performance.

Our digital twin products and solutions may not fully reflect actual conditions, which could lead to sub-optimal decision-making by our customers and expose us to potential liability.

Our digital twin products and solutions aim to create virtual replications of physical assets, systems and processes. However, these digital models necessarily rely on various assumptions, simplifications and data inputs which may not fully capture all complexities of the real-world environment. The accuracy and effectiveness of our digital twin models depend on numerous factors, including the quality, timeliness and comprehensiveness of input data, the appropriateness of modeling assumptions, and the inherent limitations in digitally representing complex physical systems. We cannot guarantee that our digital twin models will always accurately reflect actual conditions or reliably predict real-world outcomes. If our customers make business or operational decisions based on digital twin models that do not adequately reflect reality, such decisions may lead to sub-optimal outcomes or unintended consequences. We may face claims or litigation from customers or third parties who suffer losses allegedly resulting from decisions made in reliance on our digital twin

RISK FACTORS

models, regardless of any contractual provisions or disclaimers regarding model limitations. Defending against such claims could be costly and time-consuming, and any resulting liability or reputational damage could materially and adversely affect our business, financial condition and results of operations.

Establishing, maintaining and strengthening our trusted brand image is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, financial condition and results of operations.

We believe that maintaining and enhancing our brand is essential for the success of our business. Our operational and financial performance is highly dependent on the strength and market perception of our brand. Our brand is critical in building long-term relationships with our customers and suppliers. Maintaining and enhancing our brand and brand name depends largely on our ability to provide high-quality and reliable solutions and products and maintain market leadership in China, which we cannot assure you we will do successfully. Errors, defects, disruptions or other performance issues with our solutions and products may harm our reputation and brand, and we may introduce new solutions and products which might be poorly received by our customers and the market. For example, our brands, reputation and sales could be harmed if our solutions and products fail to meet expectations of our customers or contain defects. Additionally, if our customers have a negative experience using our solutions and products, such an encounter may affect our brand and reputation within the industry.

Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media ecosystem, including our increasing reliance on social media and online dissemination of advertising campaigns. Negative posts or comments about us on social networking platforms and other websites that spread rapidly through such forums, even if it is factually incorrect, could seriously damage our reputation and brand image. Allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Our shareholders, directors, officers, employees, associates and business partners may also be subject to negative media coverage and publicity. Negative publicity may come from malicious harassment or unfair competition acts by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct. We cannot assure you that we will be able to defuse such negative press coverage to the satisfaction of our investors, marketers, online media platforms and strategic partners. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and financial performance. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

Investment in new business strategies, acquisitions and other forms of business integration could disrupt our ongoing business and present risks not originally contemplated, and we may be unable to realize the anticipated benefits, synergies, cost savings or efficiencies from acquisitions.

We may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances

RISK FACTORS

could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties, and increases in expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these third parties suffers negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, if appropriate opportunities arise, we may acquire additional assets, products, technologies, or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations of China or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Furthermore, we may incur significant acquisition, administrative and other costs in connection with such transactions, including costs related to the integration of acquired businesses. These costs may include unanticipated costs or expenses, including post-closing asset impairment charges, legal, regulatory and contractual costs, and expenses associated with eliminating duplicate facilities. In addition, upon completion of an investment or acquisition, we may allocate significant resources to the integration of new business into our existing business to realize synergetic benefits. The integration process involves certain risks and uncertainties, some of which are outside our control, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies. We may also experience difficulties integrating any investments, acquisitions and/or partnerships into our existing business and operations. There is no assurance that we will be able to successfully implement these initiatives or that we will be able to identify successful initiatives in the future.

These acquisitions and business initiatives may also expose us to potential risks, including risks associated with:

- the integration of new business lines, operations and personnel;
- cultural integration;
- compliance with the laws, regulations and policies that are applicable to the acquired businesses and local business practices;
- failure to achieve the anticipated synergies, cost savings or revenues, enhancing opportunities resulting from the acquisition of new businesses and operating those businesses at a level of profitability acceptable to us;
- difficulty exercising control and supervision over the newly acquired operations, including failure to implement our risk management procedures;
- the potential loss of, or harm to, relationships with our stakeholders; and
- unforeseen or hidden liabilities.

There can be no assurance that we will be able to identify and acquire, on reasonable terms, if at all, suitable acquisition candidates or investment opportunities. We could be faced with increasing competition for attractive acquisition candidates. Compliance with antitrust, foreign investment review,

RISK FACTORS

or any other regulations may delay proposed acquisitions or prevent us from closing such acquisitions or investments in the manner proposed, if at all. Such delay or failure to close proposed acquisitions could impair our ability to achieve our strategic objectives. Failure to successfully identify or undertake future investments, acquisitions, partnerships and new business lines and strategies may have a material adverse effect on our business, financial condition and results of operations.

Failure to deal effectively with fraudulent or illegal activities by our employees would harm our business.

Illegal, fraudulent, corrupt or collusive activities or misconduct, whether actual or perceived, by our employees, could subject us to liabilities or negative publicity. There can be no assurance that our policies and internal controls with regard to the review and approval of payment accounts, sales and marketing activities, interactions with business partners and government officials and other relevant matter will prevent fraud or illegal activities or misconduct by our employees or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perceptions 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 customers away from us, and materially and adversely affect our business, financial condition and results of operations.

We depend on third party business partners in our business operations. Such arrangements reduce our control over the quality, development, and deployment of our solutions and could harm our business.

We engage third parties in our business operations. We procure certain hardware and software from third party vendors. We also outsource certain non-core, less sophisticated or labor-intensive tasks such as 3D modeling services for high-precision models (particularly L3 scene-level, L4 structure-level and L5 component-level models) and frontend development services primarily related to UI design and data visualization to third party vendors. Such arrangements may reduce our direct control over the quality, development and deployment of our solutions. We may experience operational difficulties with our third party vendors, including reductions in the availability of production capacity, failures to comply with product specifications, insufficient quality control and failures to meet deployment schedules. Our third party vendors may experience disruptions in their operations due to equipment breakdowns, labor strikes or shortages, natural disasters, material shortages, cost increases, environmental noncompliance issues or other similar problems. In addition, we may not be able to renew contracts with our third party vendors or identify substitute partners. Any failure of our third party vendors to perform their responsibilities or to be in compliance with all applicable laws and regulations may have a material negative impact on our business.

We are subject to various risks relating to third-party payment.

During the Track Record Period, certain of our customers settled their payments with us through the accounts of third parties designated by these customers for varying reasons including group payments (e.g. where the parent company of the customer makes the payment) and financial constraints of the counterparty. No individual customer related to third-party payment had made material contribution to our revenue during the Track Record Period. We recorded third-party payments of RMB3.0 million, RMB0.6 million, RMB0.3 million, nil for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively. These third-party payments primarily arose from situations where the third-party payors are either the controlling

RISK FACTORS

shareholders of our customers or the ultimate customers themselves. Our customers utilizing third-party payments were mainly private enterprises and real estate companies. Most of the third-party payments have been terminated in 2024 except for one particular project involving third-party payment of RMB0.9 million. This project and the remaining amount relates to one customer who had initially made a partial payment of approximately RMB0.9 million directly to us but subsequently experienced financial difficulties that impaired their ability to fulfill their remaining payment obligations. To ensure we could recover the outstanding amount, a tripartite arrangement was established whereby a debtor of the customer agreed to make the remaining RMB0.9 million payment directly to us. This debtor has already remitted approximately RMB0.3 million to us by the end of 2024 and we expect the remaining amounts to be settled in the 2026. To enhance our internal control, we have implemented strict policies prohibiting acceptance of third-party payments and we undertake not to accept or engage in any third-party payment arrangements going forward. We were subject to various risks relating to such third-party payment arrangement during the Track Record Period, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided.

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

We are a company incorporated under PRC law and a majority of our assets are located in mainland China. In addition, most of our Directors, Supervisors and senior management reside in mainland China. As a result, it may be difficult for investors to effect service of process outside of mainland China upon us, our Directors, Supervisors or senior management or to enforce judgments obtained against us in courts outside mainland China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in mainland China only if the jurisdiction has a treaty with mainland China or if the jurisdiction has been otherwise deemed by the courts of mainland China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, mainland China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in mainland China of judgments of a court in these jurisdictions may consequently be difficult or impossible. On July 14, 2006, the Supreme People’s Court of the People’s Republic of China and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**2008 Arrangement**”). Under the 2008 Arrangement, where any designated court of mainland China or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of mainland China or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 18, 2019, the Supreme People’s Court of the People’s Republic of China and the Department of Justice of

RISK FACTORS

Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”). The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in Hong Kong. The 2019 Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the 2008 Arrangement. Under the 2019 Arrangement, any party concerned may apply to the relevant court of mainland China or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. We cannot guarantee the outcome and effectiveness of any action brought under the 2019 Arrangement. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a mainland China court.

We may not have sufficient insurance coverage which could expose us to significant costs and business disruption.

We maintain limited insurance policies required under PRC laws and regulations, as well as based on our assessment of our operational needs and risks and in line with the standard commercial practice in our industry. See “Business—Insurance” for more details on our insurance policies. We do not, however, carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunamis, pollution, acts of terrorism and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. We cannot guarantee that our insurance coverage is sufficient to cover potential losses.

In addition, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have an adverse effect on our business, results of operations and financial condition.

We may from time to time be subject to claims, disputes, other legal and administrative proceedings that could materially adversely affect our business and financial condition.

We are or may in the future become subject to a variety of litigation and legal compliance risks. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. Regardless of merit, legal and regulatory proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. For instance, in June 2024, we became subject to an arbitration claim from a service provider seeking approximately RMB23 million in monetary damages for alleged breach of contract, and the claimant has obtained approval for property preservation corresponding to the claimed amount in our bank accounts. For details, see “Business—Legal proceedings and compliance—legal proceedings.”

RISK FACTORS

In another instance, in July 2022, we received an administrative penalty from Dongcheng Branch of Beijing Public Security Bureau for inadequate network security protection measures, which resulted in a warning and order for rectification, and we subsequently completed the required rectification measures. The specific user actions that triggered this investigation involved the publication of fraudulent advertising content and gambling-related information. Specifically, on July 4, 2022, such content was uploaded to the back-end management (後臺) system but was not publicly displayed on the front-end community interface as our system requires manual review before publication. Our investigation revealed that three platform user IDs had registered through normal channels and subsequently attempted to post large amounts of such fraudulent advertising and gambling-related content. The Dongcheng Branch of Beijing Public Security Bureau intercepted this content before our review processes could identify it, which led to their determination that our security measures were inadequate. Upon receiving notice from the bureau, we promptly identified the user account suspected of posting illegal information and immediately banned the relevant account to ensure it would no longer continue publishing such content. Simultaneously, we strengthened manual review processes to ensure that all user-uploaded content complies with legal and regulatory requirements and does not involve any illegal or inappropriate information. On July 7, 2022, we submitted a rectification report to the Dongcheng Branch of Beijing Public Security Bureau. After receiving our report, Dongcheng Branch of Beijing Public Security Bureau did not raise any further requirements. Currently, the aforementioned community platform has been closed and no longer in operation.

Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation and brand image, regardless of the existence or amount of liability. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

Increased scrutiny and changing expectations from stakeholders with respect to our ESG practices may result in additional costs or risks.

There is an increasing focus from certain investors, customers and other parties in society concerning corporate responsibility, specifically related to ESG factors. Accordingly, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies in order to measure and assess ESG performance, which pose reputational, regulatory and other risks on us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint. In the meantime, given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to decarbonization efforts in response to climate change, and these changes present both risks and opportunities for our businesses. Our success in advancing decarbonization objectives in our operations will depend in part on the actions of governments, regulators and other market participants to invest in infrastructure, create appropriate market incentives and to otherwise support the development of new technologies.

RISK FACTORS

In addition, the ESG factors by which companies’ corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we are unable to satisfy such new criteria or we are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to purchase solutions and products from a competitor of us. We risk damage to our brands and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, if we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity and material and adverse effect on our business, financial condition and results of operations. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could result in our competitors achieving competitive advantages through lower costs in supply chain or operation, which could adversely affect our business, results of operations, financial condition and prospects.

We are subject to a broad range of increasingly strict laws and regulations relating to, among other areas, occupational health and safety and labor practices. Compliance with these applicable laws and regulations is costly, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of license to operate certain facilities and other sanctions, unexpected interruptions to operations, securities litigation and a general loss of investor confidence. Furthermore, future developments such as new and more restrictive or changes to existing laws and regulations relating to, among other areas, the environmental, occupational health and safety and labor practices, more aggressive enforcement of existing laws and regulations or the discovery of presently unknown environmental conditions may require us to make material changes to our offerings and operations or require additional expenditures, which could have an adverse effect on our business, financial condition and results of operations.

Non-compliance with law by any third parties with which we conduct business could disrupt our business and adversely affect our financial condition and results of operations.

Third parties with which we conduct business, such as suppliers and other business partners, may be subject to regulatory penalties or punishments because of their failure to comply with relevant regulatory or may be infringing upon other parties’ legal rights, which may, directly or indirectly, disrupt our business. We conduct review of legal formalities and certifications before entering into contractual relationships with third parties, and will take measures to reduce the risks that we may be exposed to in case of any non-compliance by third parties. However, we cannot be certain whether such third party has violated any regulatory requirements or infringed or will not violate or infringe any other parties’ legal rights. For example, the data that we obtain from our collaborating business partners may be defective, and we may not be able to identify all instances of intellectual property infringement, and we may be held liable and pay damages for such infringement. As a result, our business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period and up to the Latest Practicable Date, there were no incidents of non-compliance with laws or regulations by any third parties that had a material impact on our business or operations. However, we cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties going forward. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct

RISK FACTORS

business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, results of operations and financial condition.

Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties for our offices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in entering to leases or renewing our lease agreements. However, we may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.

We have not registered 9 of our 12 lease agreements with the relevant government authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant government authority executed leases. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed time frame. As such, the potential maximum penalties in relation to the non-registration of lease agreements is approximately RMB0.1 million.

We are subject to cybersecurity risks related to information technology systems and user data processed by us or third-party service providers. Any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.

We may be subject to information technology system failures, interruptions, outages and breaches or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could materially disrupt our operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain operational data; jeopardize the security of our facilities; or affect the performance of in-product technologies in our products. These events could materially and adversely affect our reputation, financial condition and operating results.

RISK FACTORS

Our information technology systems may also be subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. During the Track Record Period and up to the Latest Practicable Date, we did not experience any incidents of cybersecurity attacks, breaches, or other material failures of our information technology systems that materially and adversely affect our reputation, financial condition and operating results. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. In addition, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers’ databases or systems. Moreover, there are inherent risks associated with developing, improving, expanding and updating current systems, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data, procure components or supplies or produce, sell, deliver and service our solutions and products, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. If the information technology systems, networks or service providers we rely upon fail to function properly or if we or one of our third-party providers suffer a loss, significant unavailability of or leakage of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Geopolitical tensions resulting in worsening relationship between countries and regions may persist, which may negatively affect our business and results of operations.

Government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs, or foreign investment filings and approvals may affect the demand for our products and solutions, adversely affect our ability to source certain components of our products, impact the competitive position of our products, or prevent us from being able to sell products in certain countries or regions. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions, or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our revenue from outside of mainland China amounted to RMB5.7 million, RMB6.0 million, RMB18.2 million, RMB2.3 million and nil, accounting for approximately 3.4%, 2.3%, 6.3%, 6.8% and nil of our total revenue for the respective periods.

Recently, the trade tension between the U.S. and the PRC have experienced significant volatility. On February 1, 2025, the U.S. government increased a blanket tariff of 10% on all imports from the PRC, which were raised to 20% on March 4, 2025. Such tariffs have only escalated in April 2025 reaching 145% or maybe higher on many goods. In addition, the U.S. government also announced tariff in a global context, including Europe, Canada, Mexico, Vietnam, Thailand, Indonesia etc. This has caused worldwide trade policy uncertainty as affected countries readjust their trade policies in response. The PRC and many relevant jurisdictions have already responded by implementing countermeasures including imposition of tariffs on the U.S. imports. However, on May 12, 2025, the U.S. and the PRC issued the Joint Statement on U.S.-China Economic and Trade

RISK FACTORS

Meeting in Geneva announcing a temporary tariff reduction. Under this joint statement, the U.S. will significantly decrease its tariffs on Chinese imports from 145% to 30% for a 90-day period, while the PRC will implement corresponding reductions on American goods. This represents a 115% reduction in tariffs that had escalated dramatically in April 2025. The agreement specifically maintains a baseline tariff rate while suspending most of the additional duties imposed during recent trade tensions, with both countries committing to implementation by May 14, 2025. Pursuant to Executive Order 14334 signed on August 11, 2025, the U.S. government extended the suspension of the higher additional tariff on Chinese goods which was originally set to be reinstated after the initial 90-day suspension. As of the Latest Practicable Date, it remained uncertain how the U.S. and PRC and global trade tension will develop, and there is no assurance that the suspended tariffs will not be reinstated or that trade tensions will not escalate in the future.

Tariffs and trade barriers poses several risks to business operations and the global economy. Substantial rises in tariffs may elevate costs for goods, diminish customer demand, cause currency volatility, and heightened international business and supply chain complexity. Continued escalation of trade tensions might also lead to additional non-tariff barriers, such as increased regulatory scrutiny, licensing requirements, or other restrictions that could limit market entry or international expansion capabilities. Furthermore, rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities within and between economies. These trade disruptions may exacerbate inflationary pressures through increased input costs and supply constraints, potentially triggering monetary policy responses such as interest rate adjustments by central banks. Such developments, or the perception that any of them could occur, even if subsequently proven untrue, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations, domestically and internationally. Any further escalation in these trade tensions, whether between China and the U.S. or in global context, could negatively impact our sales, whether due to tariffs, duties, export controls, restrictions on market access, other regulatory measures or the consequential impact on the macro-economy or customer demand. Consequently, our business, financial conditions and results of operations may be adversely affected.

In addition, the United States government has taken efforts to limit the outbound U.S. investments to China. On August 9, 2023, the Biden administration of the United States released an executive order directing the Department of Treasury to create an outbound foreign direct investment review program that would require reporting on or (in more narrow circumstances) prohibit investments by U.S. persons involving “covered national security technologies and products.” On October 28, 2024, the Department of Treasury issued a final rule to implement the executive order, providing details on technical specifications and other aspects of the operative regulations, which came into effect on January 2, 2025. This is referred to as the Outbound Investment Rule.

The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons for a wide range of investments in entities associated with “countries of concern,” currently only China, that are engaged in activities relating to (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. These entities are collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, transactions involving Covered Foreign Persons that are defined as “covered transactions,” although the Outbound Investment Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities.

RISK FACTORS

The Outbound Investment Rule introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Based on the advice of our sanctions advisor, we do not believe we would be defined as a Covered Foreign Person under the Outbound Investment Rule because we do not engage in a “covered activity” (as defined in the Outbound Investment Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Outbound Investment Rule. However, there is no assurance that the U.S. Department of Treasury will take the same view as ours. If we were to be deemed a “Covered Foreign Person,” and if U.S. persons were to engage in a “covered transaction” (as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule.

In addition, even though U.S. persons’ acquisitions of publicly traded securities will be exempted from the scope of covered transactions under the Outbound Investment Rule, the rule could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of Treasury, potential amendments to the Outbound Investment Rule or the introduction of additional regulations. For example, on February 21, 2025, the White House released President Trump’s “America First Investment Policy” memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving “foreign adversaries,” including China. Among other things, the policy aims to expand the industry sectors covered by the U.S. outbound investment regulations, including among others semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and supplement outbound restrictions through the imposition of sanctions. As of the Latest Practicable Date, the proposed changes under the America First Investment Policy are not implemented and there is no set date for such implementation, although the proposed restrictions may further deepen the uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers including us. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects, and our Shares may significantly decline in value.

In recent years, there has been heightened complexity in international relations. These tensions could reduce levels of international trade, investment, technological exchange, and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. These circumstances could in turn have a material adverse effect on our and our customers’ business, prospects, financial condition, and results of operations. In addition, economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs or marketability of our products.

Our business may be impacted by political events, war, terrorism, public health issues, natural disasters and other business interruptions.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, business partners and customers. Our business operations are subject to interruption by, among others, natural disasters, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues,

RISK FACTORS

demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our solutions and products, make it difficult or impossible for us to solutions services and products to our customers, or to receive components from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR PRODUCTS AND SOLUTIONS

We have a limited track record in commercialization of some of our products and solutions. If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We have a limited track record in launching, commercializing, sales and marketing some of our products and solutions. Our ability to successfully commercialize our solutions and products may involve more inherent risks, take longer, and cost more than it would if we were a company with longer track record in launching and marketing. Since our inception, we have rapidly grown our business, and as we ramp up our project development and sales, further expansion will be required. Our future results of operations and the success of the commercialization of our solutions and products depend, to a large extent, on our ability to manage our growth and execute our business strategies successfully. Risks that we face in undertaking business expansions and executing business strategies include, among others:

- retaining and growing our customer network;
- controlling expenses and investments in anticipation of expanded operations;
- managing a larger organization with a greater number of employees in different divisions and across different geographic regions;
- recruiting and retaining talents in the fields of 3D graphics, simulation AI, engineering, cloud services and sales;
- improving our operational, financial and management controls, compliance programs and reporting systems; and
- addressing new markets and potentially unforeseen challenges as they arise.

Any failure to manage our growth effectively could materially and adversely affect our business, financial condition, results of operations, and prospects.

If we fail to grow or retain our customer base, or if customer satisfaction declines, our business and operating results may be materially and adversely affected.

The size of our customer base and the level of satisfaction are critical to our success. We had 219, 249, 198 and 73 contracted customers in 2022, 2023 and 2024 for the six months ended June 30, 2025. Our business has been depending on and will continue to significantly depend on our customers and their loyalty in and level of satisfaction with our solutions and products. If customers no longer view our solutions and products as useful and attractive as compared to competing offerings we may

RISK FACTORS

not be able to increase or maintain our customer base and the level of satisfaction. A number of factors could negatively affect customer retention, satisfaction and growth, including:

- our ability to identify and meet customers’ evolving demands before our competitors;
- our ability to offer solutions and products more timely and cost-effectively to address the needs of our customers at competitive prices;
- our ability to update existing technology or develop new technology in time to stay ahead or abreast of market advances;
- the strength of our technologies and the effectiveness of our sales and marketing efforts;
- our ability to continue to successfully drive organic growth of customer base through our trusted brand and market recognition of our existing solutions and products;
- our ability to prevent or cope with inappropriate use of our technologies, solutions and products, which may lead to negative public perception of us and damage our brand or reputation;
- our ability to timely resolve technical or other problems that prevent our solutions and products from operating in a smooth and reliable manner or otherwise adversely affect customer experience; and
- our ability to upgrade or otherwise modify our solutions and products to address requirements imposed by legislation, regulations, government policies or requests from government authorities in manners that may compromise user experience.

We cannot guarantee that our existing customers will continue to procure products and solutions from us or will maintain their partnerships with us for our ongoing projects or future projects. If we fail to retain existing customers or attract new customers, we may not be able to grow our revenue as quickly as we anticipate, or at all.

As our customer base grows and diversifies, we may be unable to provide customers with solutions and products that meet the specific demand of such customers, and we may be unable to provide quality customer support, which could result in customer dissatisfaction, decreased overall demand for our solutions and products and loss of expected revenue. In addition, our inability to meet customer service expectations may damage our reputation and could consequently limit our ability to retain existing customers and attract new customers, which would materially and adversely affect our business and results of operations.

We face risks associated with having a long selling and implementation cycle for certain of our products and solutions that require us to make significant resource commitments prior to realizing revenues for those solutions and services.

We may experience a long selling cycle for certain of our products and solutions. For the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, the selling cycles for our products and solutions ranged from one to seven months, one to six months, one to eight months, and one to ten months, respectively. Before potential customers commit to use our services, they require us to expend substantial time and resources educating them on the value of our services and our ability to meet their requirements. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our customers’ decision to select another

RISK FACTORS

service provider or in-house resources to perform the services, the timing of our customers’ budget cycles, and customer procurement and approval processes. If our sales cycle unexpectedly lengthens, it could negatively affect the timing of our revenues and our revenue growth. Consequently, the unexpected length of project cycle will also increase our trade and note receivables and cause our receivable turnover days to increase, which will impede the sufficiency of our working capital. In certain cases, we may begin work and incur costs prior to executing a contract, which may cause fluctuations in recognizing revenues between periods or jeopardize our ability to collect payment.

Implementing our solutions may also involve a significant commitment of resources over an extended period of time from both our customers and us. For the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2025 the implementation cycles for our solutions ranged from one to 13 months, one to nine months, one to eight months, and one to nine months, respectively. Our current and future customers may not be willing or able to invest the time and resources necessary to implement our solutions, and we may fail to close sales with potential customers despite significant time and resources devoted to them. Any significant failure to generate revenues or delays in recognizing revenues after incurring costs related to our sales or services processes could have a material adverse effect on our business.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our intellectual property rights are fundamental to our business. We may not be able to adequately protect our intellectual property rights or prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our patents, trademarks, copyrights, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment, non-disclosure and non-compete agreements or provisions, with our employees, consultants, contractors and other third parties, to protect our proprietary rights. We may become an attractive target to counterfeiting and intellectual property theft activity because of our brand recognition. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved in time or at all, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Because of the rapid pace of technological changes in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

It is often difficult to register, maintain and enforce intellectual property rights. For example, failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of a patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction and adversely affecting our competitive position. In addition, statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to

RISK FACTORS

effectively protect our intellectual property rights or to enforce our contractual rights. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. For further details, see “—In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how.” Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Various other issues may arise with respect to our intellectual property portfolio. We may not have sufficient intellectual property rights in all countries and regions where unauthorized third-party copying or use of our proprietary technology may occur and the scope of our intellectual property might be more limited in certain countries and regions. Our existing and future patents, software copyrights and other intellectual property may not be sufficient to protect our solutions, products, services, technologies or designs or may not prevent others from developing competing solutions, products, services, technologies or designs. We cannot predict the validity and enforceability of our patents and other intellectual property with certainty.

Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business.

Intellectual property rights, such as trademarks, copyrights, patents, domain names, know-how, and proprietary technologies protect brand images, product formulations and other valuable rights. Our competitors or other third parties may have intellectual property rights and interests which could potentially conflict with ours. If any patent, trademark or brand names infringement or other intellectual property claims against us are successful, we may not have a legal right to continue to use or sell solutions and products that are adjudicated to have infringed third parties’ intellectual property rights. Such a loss of intellectual property protection could materially and adversely affect our business and results of operations. In addition, we may be legally required to expend significant resources to review and revise our business and operations, including to redesign, reengineer or rebrand our solutions and products, so that they do not infringe third parties’ intellectual property rights, or we may be required to obtain relevant licenses to avoid further infringements. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any instances of material infringement of third parties’ intellectual property rights. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation. Intellectual property litigation against us could significantly disrupt our business, damage our reputation, divert our management’s attention or consume much of our financial resources.

Patent terms may not be sufficient to effectively protect our technology, and products and solutions using our technology.

In most countries in which we plan to file applications for patents, the term of an issued patent is generally 10 to 20 years from the earliest claimed filing date of a non-provisional patent application

RISK FACTORS

in the applicable country. The life of a patent and the protection it affords is limited. Even if patents covering our technology are obtained, we may be exposed to competition from other companies once our patent rights expire. Given the amount of time required for the development, testing and regulatory review of new technology and product candidates, patents protection for such technology and products and solutions using our technology might expire before or shortly after such technology and candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products or technology similar or identical to ours.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products and solutions.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in relevant countries or regions may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from misappropriation or infringement by competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how.

We rely on proprietary information, such as trade secrets, know-how and confidential information, to protect intellectual property that may not be patentable and may not be subject to copyright, trademark, trade dress or service mark protection, or that we believe is best protected by means that do not require public disclosure. In particular, when researching and developing our digital twin solutions, we have accumulated a variety of trade secrets and know-how in connection with skills and methods achieving desired functions. Such trade secrets and know-how are one of our key competitive advantages that is extremely valuable for us to attain our current market position. Details of our intellectual property rights are set out in “Appendix VI—Statutory and General Information—Further Information about our Business.” However, such trade secrets and know-how are usually not patented, either because they do not meet the patentability criteria or because we intentionally do not apply for patent registration to avoid the possibility of disclosing material information to the public in complying with the patent registration procedures. The level of protection available to trade secrets and know-how generally differs from that of registered patents. As such, we cannot assure you that our current protection measures are adequately to prevent third parties from accessing and using our trade secrets and know-how without authorization.

In addition, proprietary information may be disclosed to our licensors, suppliers or other third parties. We generally seek to protect this proprietary information by entering into confidentiality,

RISK FACTORS

invention assignment, non-disclosure and non-compete agreements or provisions, with our employees, consultants, contractors and other third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement, or misappropriation of our proprietary information, may be limited as to their term, and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our third-party manufacturers and suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, scientific advisors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in or related or resulting know-how and inventions. Costly and time-uncertain litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights may vary in terms of their scope and enforcement across different jurisdictions.

We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to protect and enforce our intellectual property rights. The theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident would affect our competitive position and adversely affect our business, results of operations and financial condition.

We may not be able to protect our IP rights around the world.

It would be prohibitively expensive and time-consuming to file, prosecute and defend patents on our technology in every country in the world. We may also encounter difficulties in protecting and defending such rights in foreign jurisdictions. As a result, we may not be able to prevent third parties from practicing our inventions in all countries outside the jurisdictions in which our intellectual property is registered. Competitors may use our technologies to develop their own products in jurisdictions where we have not obtained patent protection. Our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have experienced significant problems in protecting and defending their intellectual property rights in foreign jurisdictions. The legal systems of many other countries do not favor the enforcement of patents and other intellectual property rights, which could make it difficult for us to stop infringement of our patents in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could expose us to the risk that our patents will be invalidated or narrowed and our patent applications will not issue, and could cause third parties to assert claims against us. We may not prevail in any litigation we bring, and the damages or other remedies awarded, if any, may not be commercially significant. Accordingly, our efforts to enforce our intellectual property rights around the world may not be sufficient to achieve a significant commercial advantage from the intellectual property that we develop or license.

RISK FACTORS

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We are in the ramp-up stage with a history of losses. We may not be able to achieve or subsequently maintain profitability in the near future. Our historical financial and results of operations may not be indicative of our future performance.

We recorded net losses of RMB189.8 million, RMB87.1 million and RMB79.0 million, RMB65.1 million and RMB94.0 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, and recorded adjusted net loss (non-IFRS measure) of RMB132.4 million, RMB68.1 million, RMB43.1 million, RMB60.3 million and RMB67.2 million during the same periods. Our relatively limited operating history makes it difficult to evaluate our current business, future prospects and the risks and challenges we may encounter. Risks and challenges we have faced or expect to face include our ability to:

- produce and deliver solutions and products of acceptable performance;
- attract new customers and retain existing customers;
- develop and protect intellectual property;
- comply with existing and new or modified laws and regulations applicable to our business;
- forecast our revenue and budget for and manage our expenses;
- plan for and manage capital expenditures for our current and future solutions and products;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth and business operations;
- hire, integrate and retain talented personnel at all levels of our organization; and
- navigate a complex and evolving regulatory environment.

All these efforts will require significant managerial, financial and human resources. We expect to incur significant expenses, and we may continue to incur losses in the near future. Our revenue, costs, expenses and results of operations may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, government regulations or policies affecting our operations and industry and our ability to control costs and expenses. Our potential profitability is dependent upon a variety of factors, including the continued increase in customer needs for our solutions and products, our success in competing against other participants in the markets in which we operate and macroeconomic and regulatory environment. Our revenue may not grow sufficiently to offset the increase in our costs and expenses as we plan to:

- expand the portfolio of our solutions and products at a rapid pace;
- expand our business landscape globally; and
- continue to invest in the research and development of 3D graphics, simulation and AI.

However, as the digital twin industry is relatively new and rapidly evolving and we have a short operating history and limited experience, we cannot assure you that our choices of technologies and products to focus on will prove correct. In the event that our new technologies and products fail to be adopted by the market, our business prospects and financial condition could be materially and

RISK FACTORS

adversely affected. In addition, our strategic initiatives may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue, if at all, in an amount sufficient to offset these higher costs and expenses and to achieve and maintain profitability.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this “Risk Factors” section, our business, financial condition and results of operations could be adversely affected. Further, because we operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. Some of the market opportunities we are pursuing are at an early stage of development, and it is difficult to accurately predict the size and growth rate of our target markets, customer demand for our solutions and products, commercialization timelines, developments in technology, the entry of competitive products or the success of existing competitive solutions and products. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

We recorded net operating cash outflows historically and there can be no assurance that we will have net cash inflow from operating activities in the future.

We recorded net cash outflow from operating activities of RMB104.3 million, RMB132.9 million, RMB114.3 million, RMB50.0 million and RMB41.7 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. See “Financial Information—Liquidity and Capital Resources—Net Cash Used in Operating Activities.” We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as [REDACTED] and issuing securities, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, results of operations and financial condition may be adversely affected.

We recorded net current liabilities and net liabilities historically.

We recorded net current liabilities of RMB1,150.1 million as of December 31, 2022. We recorded net liabilities of RMB935.6 million as of December 31, 2022. Our net liabilities and net current liabilities were primarily due to financial instruments issued to investors. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

We cannot assure you that we will not have net current liabilities in the future, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities. We may not have sufficient cash from operating activities or may need to obtain additional financing, which may not be available on commercially acceptable terms, or at all. Failure to manage such risks may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We may be subject to inventory obsolescence risk.

Our business expansion requires us to manage inventory effectively. Our inventories decreased from December 31, RMB79.0 million as of December 31, 2022 to RMB19.6 million as of December 31, 2023, and then increased to RMB22.8 million as of December 31, 2024, and then increased to RMB29.5 million as of June 30, 2025. Our inventories primarily comprise purchased hardware and software and contract fulfilment cost. We recorded write-down of inventories of RMB1.4 million, RMB2.5 million, RMB2.9 million and RMB3.1 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Our inventory turnover days decreased from 364 days in 2022 to 161 days in 2023, and further decreased to 62 days in 2024, and amounted to 167 days for the six months ended June 30, 2025. We cannot guarantee that our inventories can be fully utilized within their shelf life. As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days. See “Financial Information—Discussion of certain key items of consolidated statements of financial position—Inventories” for details.

The share of results of our associates may affect our investments accounted for using the equity method and our results of operations and financial condition.

Our share of results of associates accounted for using the equity method is primarily related to our equity investment in our associates. Our share of losses of associates accounted for using the equity method in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025 amounted to RMB0.3 million, RMB1.3 million, RMB0.9 million, RMB0.7 million and RMB0.5 million, respectively. If the performance of the associates deteriorates, the amount of our share of results of associates may decrease, and we may record share of losses of investments in associates, which may adversely affect our results of operations and financial condition.

In addition, our investments in associates are subject to liquidity risk. Our investments in associates are not as liquid as other investment products. If no dividend is declared by the associates we have investments in, even if profits are reported under the equity method, there is no cash flow until dividends from the associates are received. The illiquidity nature of our investment in such associates may significantly limit our ability to respond to adverse changes in the performance of such associates, which may also adversely affect our results of operations and financial condition.

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

We may require additional cash resources due to changed business conditions or other future developments, including any expansion into new business or geographic markets, marketing initiatives or investments we may decide to pursue. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties. Companies may be required to complete filings with the applicable regulatory authorities before the launch of any onshore or offshore debt issuance including filings required to be made with the CSRC. We are also subject to certain regulatory approval or filing procedures with local governmental authorities and other regulatory authorities for any future equity financing. These filing and approval procedures will take time, which may result in our missing the best market windows for debt or equity issuances in the future. In addition, incurring

RISK FACTORS

indebtedness would subject us to increased debt service obligations and could result in operating and financial covenants that would restrict our operations. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to expand our offerings, enlarge our geographic landscape or to respond to competitive pressures could be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of ordinary shares. In addition, any indebtedness we incur may subject us to covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments that could create additional cash demands and financial risk for us.

We expect to incur significant R&D expenditures for our business operations, R&D and expansion plans, which may adversely affect our short-term cash flow, liquidity and plan to achieve profitability.

Our R&D expenditures were RMB132.5 million, RMB103.8 million and RMB57.5 million in 2022, 2023 and 2024, respectively. See “Financial Information—R&D Expenditure and Total Operating Expenditure.” We expect to incur significant R&D expenditures in the future, thus enhancing our market position. Inherent risk exists for such significant R&D expenditures as our investment may not succeed or generate the benefits that we expect, which could materially affect our business and our plan to achieve profitability. See “—Risks Relating to our General Operations and Industry—We have made significant investments in research and development. It is not possible to guarantee that all of these activities will yield the anticipated benefits within a relatively short timeframe.” Even if we achieve our goals for such investment, our short-term cash flow and liquidity may be adversely affected, and we cannot guarantee there are alternative arrangements to reduce the capital intensity of any future expansion.

We are subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our various customers. As of December 31, 2022, 2023 and 2024 and June 30, 2025, our trade and other receivables amounted to RMB76.3 million, RMB107.8 million, RMB194.9 million and RMB140.6 million, respectively. Our liquidity depends on our customers making prompt payments to us. In 2022 and 2023 and 2024 and for the six months ended June 30, 2025, our trade receivable turnover days were 141 days, 135 days, 214 days and 650 days, respectively. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded loss allowance for impairment of trade receivables of RMB5.0 million, RMB14.2 million, RMB34.3 million and RMB36.2 million, respectively. We may not be able to collect all such trade and other receivables due to a variety of factors that are beyond our control, including long payment cycle of certain customers, adverse operating condition or financial condition of customers, and customers’ inability to pay caused by their end users’ delay in payment.

In the event that the creditworthiness of our customers deteriorates or that a significant number of our customers fail to settle their trade receivables in full or in part for any reason, we may incur impairment losses and our results of operations and financial condition could be materially and adversely affected. If our customers delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables and hence our liquidity and financial

RISK FACTORS

condition would be adversely affected. See “Financial Information—Discussion of certain key items of consolidated statements of financial position—Trade and other receivables” for details.

Share-based payments may have a material and adverse effect on our financial performance and cause shareholding dilution to our Shareholders.

Our share incentive schemes were established for the benefit of our Directors, senior management and employees as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For the principal terms of the share incentive schemes, see “Appendix VI—Statutory and General Information—Further Information about our Directors and Supervisors.” In 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, we recorded an aggregate of nil, RMB3.3 million RMB22.0 million, RMB2.8 million and RMB19.5 million, respectively, in share-based payments.

To further incentivize our employees, we may incur additional share-based payment expenses in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional H Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

We may be subject to risks associated with our transfer pricing arrangement.

We are subject to reviews of our tax returns and other tax-related matters by local and overseas tax authorities and government agencies. We regularly assess the likelihood of adverse outcomes from these reviews to determine the adequacy of our tax provisions. However, there can be no assurance regarding the final outcomes of these reviews. Should the effective tax rate increase, or should the final assessed tax liability exceed the amounts previously provided for, our financial condition, operating results, and cash flows could be adversely affected.

Some of the jurisdictions in which we operate have transfer pricing regulations that require intra-group transactions to be conducted on an arm’s length basis. During the Track Record Period, we engaged the Transfer Pricing Advisor to perform a transfer pricing review and benchmarking analysis on our major international intra-group transactions. The Transfer Pricing Advisor conducted an independent analysis and concluded that the transfer pricing arrangements for the reviewed international intra-group transactions complied with the arm’s length principle as set out in the *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* issued by the Organisation for Economic Co-operation and Development (an intergovernmental organization that establishes international trade policies). For details, please refer to the section “Business—Transfer Pricing Arrangements”. Nevertheless, there can be no assurance that the tax authorities in these jurisdictions will not challenge our transfer pricing arrangements. If challenged, we could be required to pay additional taxes, interest, or penalties, which could have a material adverse effect on our financial condition, operating results, and prospects.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or are subject to periodic review. In 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, the government grants we recognized as other income

RISK FACTORS

amounted to RMB3.6 million, RMB3.0 million, RMB2.9 million, RMB1.4 million and RMB0.8 million, respectively. In addition, we and a number of our subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For more details of the preferential tax treatments, see Note 7 to the Accountants’ Report in Appendix I to this document.

The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, financial condition and prospects.

RISKS RELATING TO GOVERNMENT REGULATIONS

We are subject to a variety of laws and regulations that are continually developing, which may affect our business, results of operations and financial condition.

There are a variety of regulations that apply to digital technologies and data security that could affect the marketability of our solutions and products. Such regulations continue to rapidly change, which increases the likelihood of varying or conflicting regulations or may limit their global adoption, impact our strategy, or affect our long-term expectations for our investments in these areas.

Government regulations are subject to continual development based on a number of factors beyond our control, including new scientific or technological data, adverse publicity regarding the industry, data breaches, concerns regarding data privacy and security, incidents involving our solutions and products or those of our competitors, domestic and foreign political developments or considerations, and litigation relating to our solutions and products and our competitors’ solutions and products. Changes in government regulations could affect our business, results of operations, and financial condition.

In addition, we are also subject to laws and regulations worldwide that affect our operations and that differ among jurisdictions, including intellectual property and infringement laws, tax laws, import and export regulations, anti-corruption laws, foreign exchange controls and cash repatriation restrictions, data security laws, competition laws, advertising regulations, labour laws, product regulations, environmental laws, health and safety requirements, consumer laws and national security laws. Compliance with such requirements can be onerous and expensive.

Violations of laws and regulations by our employees, contractors or agents could occur. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. Violations of these laws and regulations could materially and adversely affect our brand, overseas growth efforts and business. We may not be able to develop and implement policies and strategies that address these risks effectively in each location in which we conduct or intend to conduct business, and there can be no assurance that our exposure to such risks, which may become greater as we expand our operations, will not adversely affect our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

RISK FACTORS

Our employees, contractors, suppliers or agents may violate our policies, controls and procedures designed to help ensure compliance with applicable laws. There may also be laws and regulations that pose challenges to the functionality of our solutions and products or require us to adapt our solutions and products to retain functionality. Violations of these laws and regulations can result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business or damage to our reputation. The digital twin and AI industries are subject to intense media, political, and regulatory scrutiny, which can increase our exposure to government investigations, legal actions, and penalties.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data 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 theft, loss, or misuse of the operational data or confidential information of our customers and employees collected, used, stored, or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims may be required to expend significant resources to comply with data breach requirements if, for example, third parties improperly obtain and use the operational data, or we otherwise experience a data loss with respect to the operational data. 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.

Data privacy is subject to evolving rules and regulations, which sometimes conflict among the various jurisdictions in which we conduct or intend to conduct operations. We are subject to a variety of local, national and international laws, directives, and regulations that apply to the collection, use, retention, protection, security, disclosure, transfer, and other processing of personal data in the different jurisdictions in which we operate (“**Data Protection Laws**”). Any failure by us or our vendors or other business partners to comply with such Data Protection Laws could result in regulatory or litigation-related actions against us, legal liability, fines, damages, ongoing audit requirements, and other significant costs. These laws continue to develop, and the interpretations thereof may be evolving. Complying with emerging and changing legal and regulatory requirements relating to data protection may cause us to incur substantial costs or require us to change our business practices. Any noncompliance could adversely affect our ability to collect, analyze, and store data, expose us to significant monetary penalties, damage to our reputation, result in suspension of online services or sites in certain countries, and even result in criminal sanctions. Even 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. Any inability to adequately address data privacy or data 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.

To ensure our compliance with these laws and regulations relating to the collection, use, retention, security and transfer of personal information, we have established relevant protocols and mechanisms with respect to how we collect, store, process and use user personal data and information. Any failure by us to comply with our protocols or with other local or overseas privacy-related or data protection laws and regulations could result in damages to our reputation or proceedings against us by

RISK FACTORS

governmental entities, among other potential consequences. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data, including through the use of encryption and authentication technologies. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities.

Any failure by us to comply with applicable laws or regulations, or to obtain, update or maintain necessary approvals, licenses and permits in a timely manner may adversely affect our business.

We operate in regulated industries and we are required to comply with the applicable laws, rules and regulations applicable to our operations. Meanwhile, we are required to obtain and comply with various permits, licenses and approvals from administrative authorities. For details on the permits, licenses and approvals required, see “Business—Licenses, Permits and Approvals.” Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfil the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. Any failure to comply with any applicable laws, rules or regulations, or obtain or renew our licenses, permits and approvals could disrupt our operations and any fines or other penalties imposed by the PRC government could materially and adversely affect our business, financial conditions and results of operations.

In addition, the laws and regulations on digital twin, simulation, AI and the licensing and permit requirements pertaining to companies operating in these industries, are constantly evolving and subject to the interpretation of the competent authorities. As a result, we may be subject to more stringent regulatory requirements due to developments in the political or economic policies in the relevant jurisdictions or the periodic revisions in the interpretation of relevant laws and regulations. We cannot assure you that we will always be able to ensure full compliance with newly issued laws or regulations in time, or maintain our existing licenses or obtain new ones required for conducting our business in all jurisdictions where we operate or have business presence. If any government considers that we are operating without the proper licenses or permits or promulgates new laws and regulations that require additional licenses or permits or imposes additional requirements on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by such government may have a material and adverse effect on our business, financial condition and results of operations.

Existing and new anti-monopoly and anti-unfair competition laws and regulations may impose higher compliance cost on us and may affect our business, financial condition and results of operations.

We are subject to applicable antitrust and competition laws in China and we may be subject to certain regulatory scrutiny, procedures and investigations, from time to time, by antitrust or competition regulatory authorities relating to claims of infringement of antitrust or competition laws, or civil lawsuits and criminal proceedings with respect to anticompetitive behaviors, in China or other jurisdictions in which we plan to operate. Such regulatory scrutiny, procedures and investigations may

RISK FACTORS

be carried out by the relevant antitrust or competition regulatory authorities on an individual entity or a group of entities within an industry or a segment of an industry and may relate to a range of activities including acquisitions, pricing and other behaviors. These investigations and scrutiny procedures may be carried out by antitrust or competition regulatory authorities in confidence and we may not become aware of the details of such scrutiny procedures or investigations until we are formally notified of the outcome. In addition, our competitors may resort to making allegations or complaints against us to regulators without our knowledge which may give rise to further scrutiny and investigations. Such scrutiny, procedures, investigations, lawsuits and proceedings may result in fines, civil liability or criminal liabilities or may result in a change in the way we operate. Further, there can be no assurance that our business, results of operations and financial condition will not be affected by the introduction of new antitrust or competition laws in the jurisdictions in which we operate, the interpretation of existing antitrust or competition laws, or the enforcement of existing antitrust or competition laws by competent regulatory authorities or civil antitrust litigation by private parties against us.

As we are a company incorporated under PRC law we are subject to anti-monopoly and anti-unfair competition laws and regulations of China. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the State Administration of Industry and Commerce, the General Administration of Quality Supervision, Inspection and Quarantine, and the China Food and Drug Administration. Since its inception, the SAMR has continued strengthening enforcement under the PRC Anti-Monopoly Law and the Anti-unfair Competition Law. Pursuant to the PRC Anti-Monopoly Law, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. The PRC Anti-Monopoly Law has been amended in August 2022 which further strengthens supervision on concentration of undertakings and empower the anti-monopoly law enforcement authority of the State Council to require a declaration for a concentration of undertakings that does not reach the threshold of declaration as prescribed in certain circumstances. For more information on PRC Anti-Monopoly Law, see “Regulatory Overview—Anti-monopoly Law.” We endeavor to comply with the PRC Anti-monopoly Law and the Anti-unfair Competition Law. Nonetheless, we may be required by competent regulatory authorities to adjust our business practices or may be subject to penalties, such as confiscation of incomes or potential fines, if any of our past or future acquisitions or investments, or any other business practices involving us, is deemed to be non-compliant with the PRC Anti-monopoly Law or the Anti-unfair Competition Law. We may also be subject to claims from our competitors or users, which could affect our business and operations. The PRC authorities may keep supervising the competition compliance issues, and we may receive greater scrutiny and attention from regulators and more frequent and rigid investigations or reviews by regulators, which may increase our compliance costs and subject us to heightened risks and challenges. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services as well as our investments in our ordinary business course to avoid any failure to comply with these laws and regulations.

We are subject to certain regulatory requirements on the conversion and remittance of foreign currencies.

A significant portion of our revenue and expenses are denominated in Renminbi, which is currently not freely convertible to other foreign currencies. Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations, which affect exchange rates and our foreign exchange transactions. Under current PRC laws and regulations, payments of current account

RISK FACTORS

items, including profit distributions, interest payments and operation-related expenditures, may be made in foreign currencies without prior approval from SAFE but are subject to procedural requirements, including presenting relevant documentary evidence of such transactions and conducting such transactions at designated foreign exchange banks within China that have licenses to carry out foreign exchange business. Strict foreign exchange control continues to apply to capital account transactions. These transactions must be approved by or registered with SAFE, and repayment of loan principal, distribution of returns on direct capital investment and investment in negotiable instruments are also subject to restrictions. There is no assurance that we will be able to obtain such approval in a timely manner, or at all.

The policies regarding foreign exchange transactions under the current account and the capital account may not necessarily continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an adverse effect on our foreign exchange transactions and the fulfilment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected. If we fail to obtain approval from SAFE to convert Renminbi into any foreign currency for foreign exchange transactions, our business, financial condition and results of operations may be adversely affected.

Failure to comply with the requirements for employee stock incentive plans may subject the Chinese plan participants or us to fines and other legal or administrative penalties.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》, the “SAFE Circular 7”), which replaced the earlier rules promulgated by the SAFE in March 2007. Under the SAFE Circular 7 and other relevant requirements and regulations, Chinese residents who participate in stock incentive plans in an overseas publicly listed company are required to register with the SAFE or other branches and complete certain other procedures. The Chinese resident participants of stock incentive plans are required to retain a qualified Chinese agent, which could be the Chinese subsidiary of such overseas [REDACTED] public company or other qualified institutions selected by Chinese subsidiary) to register with the SAFE and complete other procedures on behalf of such participants for stock incentive plans. The participants must also retain an overseas entrusted institution to complete matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the Chinese agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the Chinese agent or the overseas entrusted institution or other material changes. Also, the 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》, the “SAFE Circular 37”) stipulates the Chinese residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our Chinese employees who have been granted RSUs will be subject to these regulations. Failure of our Chinese share option holders or restricted shareholders to complete their SAFE registrations may subject these Chinese residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions may also limit our ability to contribute additional capital into our Chinese subsidiary, limit

RISK FACTORS

our Chinese subsidiary’s ability to distribute dividends to us, or otherwise materially adversely affect our businesses.

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

Failure for us, our employees, affiliates and business partners such as suppliers and customers to comply with anti-corruption laws and regulations and our anti-corruption policies and procedures could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to risks in relation to actions taken by us, our employees, affiliates and business partners such as suppliers that constitute violations of the anti-corruption laws and regulations. Our anti-corruption policies may not be followed at all times or effectively detect and prevent all violations by us or our employees, affiliates or business partners. We adopt strict internal procedures and work closely with relevant government agencies to ensure compliance with relevant laws and regulations. We cannot guarantee that our employees, affiliates and business partners will comply with relevant laws and regulations at all times. If we, our employees, affiliates and business partners violate these laws, rules or regulations, we could be subject to fines or other penalties and our reputation, corporate image and business operations may be materially and adversely affected. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates and business partners, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

We are a mainland China enterprise, and we are subject to mainland China tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the mainland China and a non-mainland China investor’s jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-mainland China resident enterprises, which do not have an establishment or place of business in mainland China, or which have an establishment or place of business in mainland China if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

RISK FACTORS

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not mainland China residents are generally subject to a mainland China withholding tax at a rate of 20% and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% mainland China income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holders of H Shares are generally subject to individual income tax of mainland China at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between mainland China and the jurisdiction in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of mainland China and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-mainland China resident individuals on the sale of shares of mainland China resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the tax authorities in mainland China have not sought to collect individual income tax from non-mainland China resident individuals on gains from the transfer of listed shares of mainland China resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-mainland China resident individuals on gains from the sale of H shares.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

RISK FACTORS

We and our customers could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See “Financial Information—Taxation.” There is no assurance that we will continue to enjoy preferential tax rates or be entitled to government grants in the future. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with China tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to China tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various employee benefit plans, including certain social insurance, housing funds, unemployment insurance, health insurance plans and other welfare oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. During the Track Record Period, there were shortfalls in our contributions to social insurance and housing funds for our China-based employees, and we have made provisions in connection with such shortfalls. The aggregate shortfall of social insurance payments and housing provident fund contributions in 2022, 2023 and 2024 and for the six months ended June 30, 2025 amounted to approximately RMB9.9 million, RMB14.7 million RMB16.8 million and RMB8.2 million, respectively.

According to the Social Insurance Law of the PRC, if an employer fails to register for social insurance, the social insurance administrative department shall order it to make corrections within a specified period. If the employer fails to make corrections within the specified period, it shall be fined between one and three times the amount of the social insurance premium payable. Additionally, the directly responsible managers and other directly responsible personnel shall be fined between RMB500 and RMB3,000. If an employer fails to pay social insurance premiums in full and on time, the social insurance collection agency shall order it to pay or make up the amount within a specified period and impose a late fee of 0.05% of the overdue amount per day starting from the date of default. If the payment is still not made within the specified period, the relevant administrative department shall impose a fine of one to three times the overdue amount. According to the Regulations on the Administration of Housing Provident Funds (2019 Revision), if an employer fails to register for housing provident fund contributions or fails to establish housing provident fund accounts for its employees, the housing provident fund management center shall order it to complete the procedures within a specified period. If the employer fails to comply within the specified period, it shall be fined between RMB10,000 and RMB50,000. If an employer delays or underpays housing provident fund contributions, the housing provident fund management center shall order it to make the payment within a specified period. If the payment is still not made within the specified period, the management center may apply to the People’s Court for compulsory enforcement. As a result, we may be required by

RISK FACTORS

competent authorities to rectify the non-compliance and could be subject to fines or penalties. We cannot assure you that we will not be subject to any penalty, or order to rectify non-compliance in the future. We may incur additional expenses to comply with such laws and regulations.

As of the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities. In addition, Mr. Li has agreed to indemnify the Company for any losses the Company may suffer as a result of the shortfall in the contribution. As advised by our PRC Legal Advisor, the likelihood of us receiving any notice of penalties from the competent authorities is relatively low, provided that we pay the outstanding contribution, and late fee (if any), for social insurance and house provident funds in full amount within the prescribed period after receiving notices to rectify such non-compliance from the competent authorities. However, there is no assurance that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us, or any of our employees would not make complaints or demand for payment for any outstanding contribution. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting aggregated collection of enterprises’ historical social insurance arrears. As advised by our PRC Legal Advisor, if we receive notices from the competent authorities requiring us to rectify such non-compliance, and we pay such outstanding amounts and late fees (if any) within the required period, the likelihood of us being required to pay penalties is remote. However, there is still a risk of future changes in social insurance policies, being required to correct such violations, or individual employees demanding us to make up for social insurance payments.

Furthermore, during the Track Record Period, we engaged third-party agencies to make such contributions on our behalf for certain employees, which was not in strict compliance with applicable PRC laws and regulations. We implemented such arrangements primarily because these employees were located in cities where we did not have any registered operating entities. As advised by our PRC Legal Advisor, if the validity of such arrangements is challenged by competent PRC authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice.

We may be subject to the approval, filing, or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this [REDACTED] or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [REDACTED] from the [REDACTED] into the PRC or take other actions to restrict our financing activities, which could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

RISK FACTORS

You should assess the legal protections you are entitled to under legal system in China.

The legal system in China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases may be cited for reference but have limited precedential value. The laws and regulations in China is subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should assess the legal protections you are entitled to under legal system in China.

Export control and economic or trade restrictions that were imposed on our customers may affect our business, financial conditions and results of operations.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “Entity List”). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. Certain of our customers and shareholders are listed on the Entity List. These sanctions can limit their operational capabilities and affect these customers’ demands for our products and solutions. As a result, our revenue from these customers and any potential future business with them may be adversely impacted. Besides, we cannot be certain what additional export control actions the U.S. government may take that could impact our customers. Our current services and products are not subject to the scope of the EAR. Our Directors are of the view, and the Joint Sponsors concur, that (i) the EAR restrictions applicable to the aforementioned entities do not appear to be implicated by our activities with them since our transactions with them do not involve any U.S. nexus, and (ii) none of the products supplied, sold, exported, transported or otherwise transferred by us are of U.S.-origin and the U.S.-origin content contained in the products supplied, sold, exported, transported or otherwise transferred by us are not export controlled and the amount of such U.S. origin content does not exceed 10% of the value of the products. As such, during the Track Record Period, we did not engage in Primary Sanctioned Activity⁽¹⁾ because there were no activities in a Sanctioned Country⁽¹⁾ or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target⁽¹⁾, by our Company and any subsidiaries incorporated or located in a Relevant Jurisdiction⁽¹⁾ or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. During the Track Record Period, we did not engage in Secondary Sanctionable Activity⁽¹⁾ because there were no activities targeted by extra-territorial provisions of sanctions laws or regulations in the Relevant Jurisdictions. Based on the foregoing, we believe there are no material imminent risks relating to EAR with respect to our products and solutions. However, the aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States or other relevant authorities in other jurisdictions, may materially and adversely affect our customers’ ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service [REDACTED] and business operations, which in turn may adversely affect our business, results of operations and financial condition. Furthermore, U.S. export controls and trade laws and regulations are complex and likely subject to

Note:

(1) Each as defined under Chapter 4.4 under the Guide for New Listing Applicants

RISK FACTORS

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 out of our 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 services and products, result in negative publicity, and require significant management time and attention, any of which may have an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and [REDACTED] of our H Shares. In addition to market and industry factors, the price and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], especially by our Directors and executive officers, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also

RISK FACTORS

confer rights and privileges that take priority over those conferred by the H Shares. The Shares held by our existing Shareholders are subject to certain [REDACTED] periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. We cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our H Shares.

In addition, while investors subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed typically they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

Because the [REDACTED] price of our H Shares is substantially higher than the consolidated net tangible book value per share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] will experience an immediate dilution. 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 H Shares may experience further dilution of their interest if the [REDACTED] exercise the [REDACTED] or if we issue additional shares in the future to raise additional capital.

You will experience immediate dilution and may experience further dilution if we issue additional H Shares or convert Unlisted Shares into H Shares under the H Share full circulation.

Potential investors will pay a price per H Share that substantially exceeds the per Share value of our Company’s tangible assets after subtracting our Company’s total liabilities and will therefore experience immediate dilution when purchasing the H Shares offered in the [REDACTED]. As a result, if our Company were to distribute its net tangible assets to our Shareholders immediately following the [REDACTED], potential investors would receive less than the amount they paid for their H Shares. In addition, if we issue additional H Shares or equity-linked securities at a price lower than the net tangible asset value per Share at the time of issuance, you and other purchasers of our H Shares may experience further dilution in the net tangible asset value per Share. Given the promotion of H Share full circulation by the CSRC in November 2019, we may be allowed to convert certain of our Unlisted Shares into H Shares after the [REDACTED] if we are qualified pursuant to the relevant CSRC requirements.

There can be no assurance whether and when we will pay dividends in the future.

Since our inception, we have not declared or paid any dividends on our Shares. We expect to continue to invest in technology and innovation to implement our growth strategies, which we believe will contribute to the value creation for customers, employees and Shareholders. Our Board of

RISK FACTORS

Directors regularly review our dividend policy by taking into consideration a number of factors, including our evolving strategies, results of operations, financial condition, operating and capital investment requirements and other factors it may deem relevant. Any declaration and payment, as well as the amount of the dividends, will be subject to our Articles and the relevant PRC laws and regulations. In addition, as a holding company, we rely on dividends and other distributions on equity from our subsidiaries for our cash requirements to pay dividends. Our ability to pay dividends may be adversely affected if our subsidiaries fail to adequately pay dividends and other distributions to us in a timely manner due to their respective capital needs. As a result, there can be no assurance whether, when and in which form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy.

You should read the entire document carefully and only rely on the information included in this document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

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

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and [REDACTED] of our H Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our H Shares may decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or [REDACTED] to decline.

Certain facts, forecast and other statistics in this document obtained from government and official sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, such information has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED],

RISK FACTORS

the [REDACTED], the [REDACTED], the [REDACTED] or any party involved in the [REDACTED] and, therefore, we make no representation as to the accuracy of such facts and statistics. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim”, “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules and exemptions from the CWUMPO.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 and Rule 19A.15 of the Listing Rules.

Given that (i) our Group’s management headquarters, senior management, business operations and assets are primarily based in the PRC; (ii) our executive Directors and members of the senior management team principally reside in the PRC; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Directors and senior management team, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group’s businesses and it is important for them to remain in close proximity to the Group’s operations located in the PRC, the Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied for[, and the Stock Exchange has granted,] a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorised representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. At present, our two authorized representatives are Mr. Li, our executive Director, and Ms. Chu Cheuk Ting (“**Ms. Chu**”) of TMF Hong Kong Limited), one of our joint company secretaries;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide her contact information (including telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and contact address (if different from the residential address)) to the Stock Exchange and to the authorised representatives. This will ensure that the Stock Exchange and the authorised representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

WAIVERS AND EXEMPTIONS

- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. The Compliance Adviser will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser’s duties as set forth in Chapter 3A of the Listing Rules; and
- (e) meetings between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and/or our Compliance Adviser.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual 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.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles they played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28

WAIVERS AND EXEMPTIONS

and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (both as defined under paragraph 11 of Chapter 3.10 under the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Du Jinyan (“**Ms. Du**”) as one of our joint company secretaries which would be effective upon [REDACTED]. She has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfil the requirements of the Listing Rules. Therefore, we have appointed Ms. Chu, an associate member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Du for an initial period of three years from the [REDACTED] to enable Ms. Du 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.

Given Ms. Chu’s professional qualification and experience, she will be able to explain to both Ms. Du and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Chu will also assist Ms. Du in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Du is expected to work closely with Ms. Chu and will maintain regular contact with Ms. Chu. In addition, Ms. Du will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. She will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Du does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules as such Ms. Du may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Ms. Du must be assisted by Ms. Chu who possesses the qualifications and experience required

WAIVERS AND EXEMPTIONS

under Rule 3.28 of the Listing Rules; and (b) the waiver will be revoked immediately if and when Ms. Chu ceases to provide assistance to Ms. Du as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the end of the three-year period, our Company must demonstrate and seek for the Stock Exchange’s confirmation that Ms. Du, having had the benefits from Ms. Chu’s assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the function of a company secretary, so that any extension of the waiver will not be necessary.

INFORMATION ABOUT THE DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THE DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THE DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THE DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Mr. Li Yi (李熠)	No. 2908, 5/F, 1 Xiangheyuan Street, Dongcheng District, Beijing, PRC	Chinese
Mr. Wang Chenkang (王辰康)	Room 502, Unit C, Building 6, Libaodi Garden, Tianning District, Changzhou City, Jiangsu Province, Changzhou, Jiangsu, PRC	Chinese
Ms. Zhang Yuwei (張雨薇)	No. 401, Unit 1, 4/F, Building 2, Xinyuan Street, Chaoyang District, Beijing, PRC	Chinese
Ms. Tong Shan (佟珊)	Room 12/F, Building 7, Courtyard No.66, Xiaguangli, Chaoyang District, Beijing, PRC	Chinese
Ms. Pu Ge (蒲鵠)	No. 604, Door 2, Building 5, Zuojiazhuang Dongli, Chaoyang District, Beijing, PRC	Chinese

Non-executive Director

Name	Address	Nationality
Mr. Lyu Jinrong (呂金榮)	No. 401, Door 1, Building 19, Meiyuelanyuan, No. 136, Wushui Road, Hexi District, Tianjin, PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
Mr. Li Pan (李攀)	15/F, Shen Mao Commercial Centre, No. 59 Xin Wen Road, Futian District, Shenzhen, Guangdong, PRC	Chinese
Mr. Lin Chen (林晨)	Room A, 11/F, BLK 1 Tam Towers, 25 Sha Wan Drive Victoria Road, Pokfulam, Hong Kong	Chinese
Mr. Zhang Lening (張樂寧)	6825 Rockhold Ave, San Gabriel, CA91775-1033, America	American

SUPERVISORS

Name	Address	Nationality
Mr. Kuang Peng (匡鵬)	No. 1, 4th Floor, Door 1, 307th Floor, Huizhongli, Chaoyang District, Beijing, PRC	Chinese
Mr. Hou Tao (侯濤)	Flat 101, No.61, Donghang Longhuayuan, Xuhui District, Shanghai, PRC	Chinese
Ms. Hou Jingjing (侯靜靜)	1208, Building 9, Xiangheyuan Zhongli, Chaoyang District, Beijing, PRC	Chinese

See “Directors, Supervisors and Senior Management” for further details.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors [REDACTED]

China International Capital Corporation

Hong Kong Securities Limited

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

Huatai Financial Holdings (Hong Kong) Limited

62/F, The Center

99 Queen’s Road Central

Central, Hong Kong

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal advisors to our Company

As to Hong Kong law

Han Kun Law Offices LLP

Rooms 4301-10, 43/F,
Gloucester Tower, The Landmark,
15 Queen’s Road Central,
Hong Kong

As to PRC law

Zhong Lun Law Firm

22–31/F, South Tower of CP Center
20 Jin He East Avenue
Chaoyang District
Beijing 100020
China

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal advisors to the Joint
Sponsors and the [REDACTED]**

As to Hong Kong law

King & Wood Mallesons

13/F, Gloucester Tower
The Landmark
15 Queen’s Road Central
Hong Kong

As to PRC law

King & Wood Mallesons

18th Floor, East Tower, World Financial Center
1 Dongsanhuan Zhonglu, Chaoyang District
Beijing, China

**Independent Auditors and
Reporting Accountants**

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**

Room 2504, Wheelock Square
1717 West Nanjing Road
Jing’an District
Shanghai
China

Transfer Pricing Advisor

**Daxin Certified Tax Agents Group
Co.,Ltd.**

Room 905D, 9th Floor, No. 1 Zhichun Road,
Haidian District, Beijing, China

[REDACTED]

[●]

CORPORATE INFORMATION

Registered Office in China	Room 301, 3/F, Building No.1 19, Shangdi Xinxu Road Haidian District Beijing China
Headquarters and Principal Place of Business in China	No.1 Xiangheyuan Road Dongcheng District Beijing China
Principal Place of Business in Hong Kong	31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company Website	https://51world.com.cn/ <i>(the information contained on this website does not form part of this document)</i>
Joint Company Secretaries	Ms. Du Jinyan (杜金艷) No.1 Xiangheyuan Road Dongcheng District Beijing China Ms. Chu Cheuk Ting (朱卓婷) <i>(an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> 31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. Li Yi (李熠) No. 2908, 5/F, 1 Xiangheyuan Street, Dongcheng District, Beijing, PRC Ms. Chu Cheuk Ting (朱卓婷) <i>(an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> 31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong

CORPORATE INFORMATION

Strategy Committee

Mr. Li Yi (*Chairman*)
Mr. Lin Chen
Mr. Wang Chenkang

Audit Committee

Mr. Zhang Lening (*Chairman*)
Mr. Li Pan
Mr. Lyu Jinrong

Remuneration Committee

Mr. Zhang Lening (*Chairman*)
Mr. Lin Chen
Ms. Zhang Yuwei

Nomination Committee

Mr. Li Yi (*Chairman*)
Mr. Lin Chen
Mr. Li Pan

[REDACTED]

Compliance Adviser

Somerley Capital Limited
20th Floor
China Building
29 Queen’s Road Central
Hong Kong

Principal Banks

China Merchants Bank
Beijing Branch
International Financial Centre A
156 Fuxingmen Nei Street
Xicheng District
Beijing
China

Shanghai Pudong Development Bank
Beijing Branch
1/F, Fortune Resource International Center
No. 18, Taipingqiao Avenue
Xicheng District
Beijing
China

INDUSTRY OVERVIEW

Certain information and statistics presented in this section and elsewhere in this document were derived from official government publications and other publicly available sources as well as from the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan, an independent global consulting firm that was commissioned by us. We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any party involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly, you should not place undue reliance on such information and statistics.

OVERVIEW OF DIGITAL TWIN SOLUTION MARKET IN CHINA

WHAT IS A DIGITAL TWIN AND DIGITAL TWIN SOLUTION?

A digital twin refers to a virtual representation of a physical object, system or process that exists in the physical world, which is updated based on data collected from various sources such as IoT devices, and used to give a more intuitive, multifaceted and data-driven representation of the physical entity to improve better informed decision-making and better user experience across diverse scenarios.

A digital twin commonly has the following characteristics:

- **Multifaceted representation:** A digital twin can replicate various aspects of a physical object, system or process to represent a more intuitive look, and provide a more interactive user experience.
- **Data integration and two-way information flow:** Not only historical data, a digital twin also integrates real-time data from various sources such as different IoT devices in physical world at a specified frequency to ensure the digital counterpart is synchronized with the physical world. In addition, as data can flow from the physical entity to the digital twin, insights from the digital twin can also be applied back to the physical entity to achieve a two-way information flow.
- **Simulation and AI training:** By providing a comprehensive view of a physical entity, a digital twin can be used to simulate different scenarios to predict possible future outcomes to enable better-informed decision-making or validation of AI models, or to provide sufficient synthetic data to train AI models.

A digital twin solution refers to the implementation of digital twin through cutting edge technologies such as 3D graphics, simulation and AI for users to advance in design and operation optimization, AI training and validation, and user interaction and experience, thereby enhancing efficiency, capabilities and experience across diverse scenarios.

A comprehensive digital twin solution has four key components:

- **Modeling tools:** Providing digital tools to help developers transform all types of source data into model assets more accurately, faster and at a lower cost.
- **Model libraries:** Providing model assets with different types and accuracies that can be used for digital twin application development.

INDUSTRY OVERVIEW

- **Application development platforms:** Providing development platforms for building digital twin applications, including cloud platform, data platform, rendering engine, open platform, core development platform, and simulation engine to empower application developers.
- **Applications:** Providing general or scenario-specific applications to customers in different scenarios to empower design and operation optimization, AI training and validation, and user interaction and experience.

KEY TECHNOLOGIES UNDERLYING THE DIGITAL TWIN SOLUTIONS

The key technologies underlying digital twin solutions fall into three categories: 3D graphics, simulation, and AI.

3D Graphics

- **3D modeling:** 3D graphics technology creates a three-dimensional representation of any object or surface using several basic techniques, including basic drawing and graphics transformations, fill and shading, image processing, lighting models, texture mapping, and others.
- **Animation:** 3D graphics technology can create the illusion of movement by displaying a sequence of frames.
- **Real-time rendering:** real-time rendering is crucial for applications that require immediate feedback, such as video games and interactive simulations.

Simulation

- **Simulation of physical characteristics:** Simulation technology leverages physics engines to replicate various physical properties and behaviors of objects and characters within virtual environments. The properties include gravity, inertia, pressure, and other forces that influence motion and interaction, along with advanced physical simulations such as sensor simulation, dynamics, and kinematics. By accurately simulating these physical characteristics, simulation technology allows for realistic and precise modeling of how objects and entities would behave in real-world scenarios.
- **Simulation of scenarios and behaviors:** This approach involves modeling complex, dynamic environments where multiple agents interact, such as in urban settings or industrial processes. By employing scenario-driven and agent-based techniques, the simulation replicates a variety of situations and behavioral patterns. These scenarios help uncover potential challenges and guide the development of strategies for managing diverse and changing conditions in real-world applications.
- **Product testing and optimization:** By simulating real-world conditions, simulation technology enables comprehensive testing of products in a virtual environment, which also reduces the need for physical prototypes, consequentially, significantly lowering costs, minimizing risks associated with physical testing, and accelerating the testing process.

AI

- **Modeling and data generation:** By leveraging generative AI technology, organizations can rapidly produce 3D models, simulation models, missing sensor data, simulation

INDUSTRY OVERVIEW

parameters, and synthetic data, which significantly expedite the construction and operational efficiency of digital twins.

- **Real-time monitoring and feedback:** AI technology enhances digital twins with advanced real-time monitoring and feedback capabilities by processing incoming data instantaneously and then identifying anomalies and issuing alerts prompting.
- **Data Analysis and Prediction:** AI technology can learn from the data generated by digital twins, uncovering complex patterns and relationships behind the data, which allow the operation optimization across various scenarios as well as the AI training and validation.

WHY DIGITAL TWINS MATTER?

The digital transformation of enterprises, the development of emerging technologies and the evolution of user interaction preferences are reshaping the trends of digital technology development and application. Specifically:

- Enterprises are adopting comprehensive digital transformation strategies to leverage digital technologies across various business areas through investment and application of digital technologies to achieve cost reduction and efficiency gains. In the past, enterprises focused on the construction of IT system applications for business processes while now they also emphasize on adopting digital technologies for physical infrastructure to anticipate enhanced efficiency and capability in the design and operation of physical infrastructure through the application of digital technologies.
- AI has become one of the most important digital technologies, and the capability of AI algorithms is undergoing a period of exponential growth. As AI algorithm capability improves, more and more devices and software applications will be empowered by AI in the future. During this process, it is essential for enterprises to train and validate AI algorithms effectively and efficiently, utilising the available resources and tools.
- Users prefer more realistic and interactive interactions. The interactive content form has evolved from traditional 2D text, images, and videos to the new generation of 3D content. The interactive carrier has also evolved, moving from smartphones to the next generation of immersive experience devices, such as VR, AR, and MR. To create 3D interactive experiences, enterprises and developers must utilize the latest technology platforms.

Organizations face the following pain points when dealing with the above industry trends, and digital twins can help organizations effectively address these challenges.

INDUSTRY OVERVIEW

	Pain Points	Value Propositions of Digital Twin	Example of applications scenarios and industries
Design and operation optimization	• Design Failure: Traditionally, design work relies heavily on professional knowledge, personal experience, and precedents. With the increasing complexity of physical infrastructure design, organizations may face the risk of design failure, which means that the original design may not fit the changing conditions and requirements in the real world. • High cost of operation: Traditional operations are labor-intensive and dependent on manual operations, resulting in high costs and delays in feedback. • Inability to prevent risks: Organizations lack digital tools to predict the risks that may affect the infrastructure or cause the damages in it, and hence cannot make action plans to prevent risks in advance.	• Digital twins allow organizations to replicate their designs in a digital world, and to test and verify their designs under different conditions to ensure that their designs meet real-world needs. • Digital twins provide digital, real-time, visualized, and automated monitoring capabilities for operations, which can significantly reduce labor and operational costs. • Digital twins provide simulation capabilities that allow organizations to cost-effectively simulate different scenarios in a digital world to gain insight into potential risks and create meaningful action plans.	• City management: transforming city management by creating virtual replicas of urban environments, enabling monitoring, simulation, and analysis, facilitating more informed decision-making in areas such as infrastructure development, environmental monitoring, and emergency prevention. By incorporating authorized data from various sources, digital twin solutions help city managers proactively address urban challenges, enhance resource management, and improve the overall quality of life for residents. • Manufacturing: Providing manufacturers with actionable insights to enhance manufacturing efficiency, reduce costs, and improve product quality through virtual replicas that enables monitoring, simulation and optimization throughout the manufacturing lifecycle.

INDUSTRY OVERVIEW

	Pain Points	Value Propositions of Digital Twin	Example of applications scenarios and industries
AI training and validation	• Lack of data: Large, high-quality, and diverse data has become the key to AI development. However, traditional methods of collecting, cleaning, and tagging real-world data are costly and face the challenge of data scarcity. • Unmet needs for AI validation: AI algorithms or AI-enabled devices, such as autonomous vehicles and AI robots, need to be tested and validated before being deployed in the real world. Traditional validation approaches are real-world based, validating the AI algorithms or AI-enabled devices in real-world cases, which is time-consuming, costly, and difficult to address corner cases.	• Digital twins can cost-effectively generate large volumes of high-quality, diverse synthetic data to support AI training. • Digital twins can provide virtual simulation environments based on the real-world scenarios for validating AI algorithms or AI-enabled devices, thereby achieving lower validation costs, shorter validation periods, and comprehensive validations in more corner cases.	• Driving: Providing various simulation scenarios through virtual environments to effectively improve the authenticity, effectiveness and coverage of simulation tests; providing sensor simulation powered by high-fidelity rendering capability and large volume data processing capability to make validation more accurate. • Robots: By replicating the physical robot and its operational environment with the virtual environment, digital twin solutions allow manufacturers to test motion paths, collision avoidance, and task accuracy under various conditions without risking downtime or damage to physical equipment or environment.

INDUSTRY OVERVIEW

	Pain Points	Value Propositions of Digital Twin	Example of applications scenarios and industries
User interaction and experience	Lack of 3D model libraries: Organizations typically lack sufficient data and off-the-shelf 3D model assets for agile development of interactive 3D environments, and must often collect or acquire data and then build their scenario-specific model assets from scratch, which is costly and time-consuming. Legacy tool limitations: Legacy tools used to build user interaction environments were not built for today’s digital age. Legacy tools are typically not cloud-native, lack AI capabilities, do not support real-time generation and collaboration in the cloud, and require technical expertise to use the tools.	- Digital twins can provide abundant off-the-shelf 3D model assets to support the rapid development of various user interaction applications, such as virtual tourism or games, that are built on top of them. - Digital twin solutions can provide AI-driven, cloud-native, low-code or no-code, real-time application development platforms to help developers or organizations easily develop their user interaction applications.	- Entertainment: Providing users with high-precision, immersive and interactive entertainment experiences, allowing them to feel as if they are personally at the scenes. - Tourism: Providing high-precision, immersive and interactive tour experiences and allowing more tourists to virtually feel various sceneries.

MARKET SIZE OF DIGITAL TWIN SOLUTIONS IN CHINA

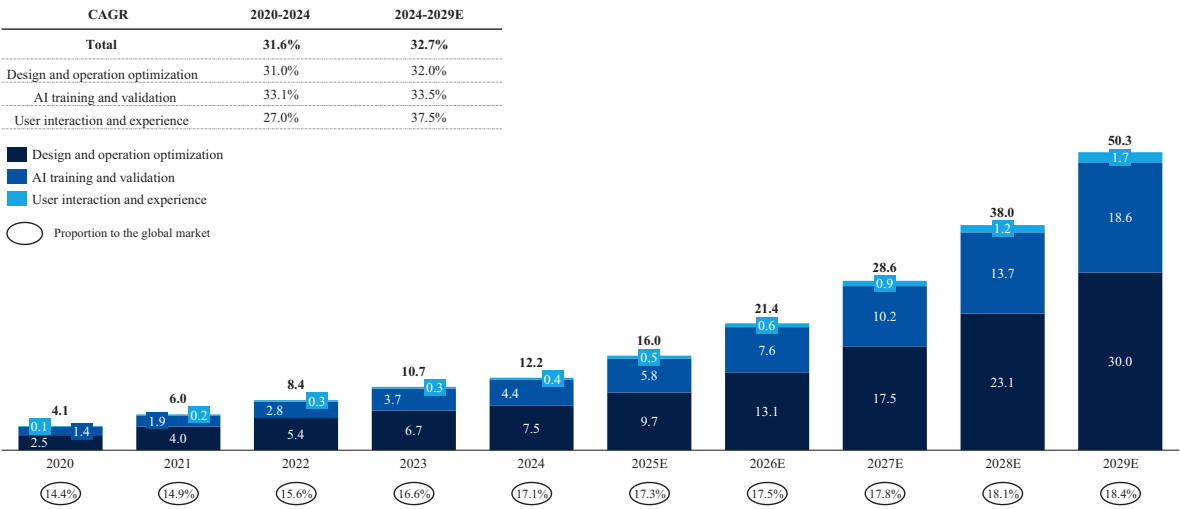
The total addressable market refers to the maximum potential demand for solutions within a given market. The total addressable market for digital twin solutions globally and in China reached US\$132.9 billion and RMB171.1 billion in 2024, respectively, and is expected to reach US\$385.4 billion and RMB544.9 billion in 2029, respectively.

The global digital twin solution market size grew from US\$3.9 billion in 2020 to US\$10.0 billion by 2024, at a CAGR of 26.4% from 2020 to 2024, and it is projected to grow further and reach US\$37.9 billion by 2029, at a CAGR of 30.6% from 2024 to 2029.

China’s digital twin solution market size grew from RMB4.1 billion in 2020 to RMB12.2 billion in 2024, with a CAGR of 31.6% from 2020 to 2024, reflecting a faster growth rate compared to the global market. It is expected that by 2029, China’s digital twin solution market size will continue to grow to RMB50.3 billion, with a CAGR of 32.7% from 2024 to 2029. By application scenarios, digital twin solutions can be subdivided into the following three categories: design and operation optimization, AI training and validation, and user interaction and experience.

INDUSTRY OVERVIEW

Market size of China's digital twin solution market, in terms of revenue
RMB Billion, 2020-2029E



Source: Public information, Expert interview, Frost & Sullivan

Major cost components for companies in the digital twin solution market in China including 51WORLD, or by extension, the technology service industry, primarily consist of: 1) the salary and benefit expenses paid to the employees, and 2) technology services expenses on resources such as broadband.

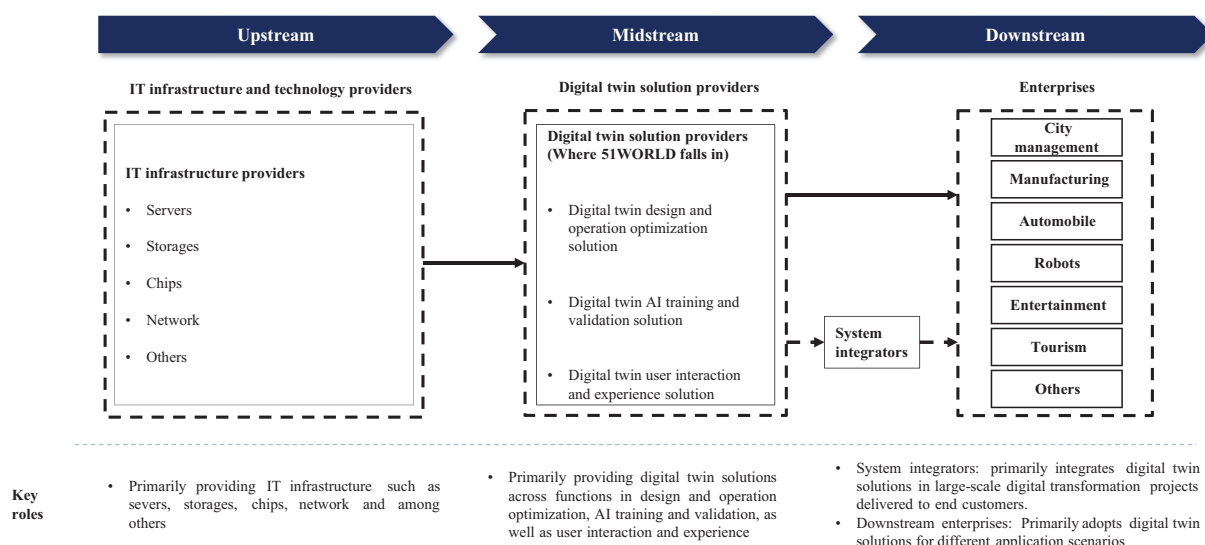
The average annual urban salary for employees in private companies within China’s information transmission, software, and IT services industry in which 51WORLD’s business falls, increased from RMB101.3 thousand in 2020 to RMB123.2 thousand in 2024, reflecting a CAGR of 5.0% from 2020 to 2024. As year-over-year growth of average salary has been slowing down during the historical period, the average annual urban salary for employees in private companies within China’s information transmission, software, and IT services industry is expected to continue increasing at a more moderate pace.

On the other side, broadband costs in China have steadily declined, supported by the country’s robust infrastructure systems. The cost of fixed broadband services as a percentage of monthly gross national income (GNI) per capita decreased from 0.6% in 2020 to 0.4% in 2024, ranking as the sixth lowest globally, and such cost is expected to continue its gradual decline from 2024 to 2029.

INDUSTRY OVERVIEW

VALUE CHAIN OF DIGITAL TWIN SOLUTION MARKET IN CHINA

The value chain of digital twin solution market in China is set as following:



Participants contributing to the development of China’s digital twin solution market form a dynamic industry ecosystem. Digital twin solution providers, such as the Group, rely on upstream IT infrastructure providers for essential resources, including servers, storage, chips, and networks. In some cases, system integrators sometimes also participate as ecosystem partners. The roles of system integrators in the digital twin solution market in China are not primarily driven by specialized technological expertise in particular areas, but rather by their strong capability to integrate diverse resources for large-scale digital transformation projects. In cases where end customers require digital twin solutions as part of broader digital transformation efforts that system integrators delivered, these system integrators typically collaborate with specialized digital twin solution providers, such as the Company, to fill gaps in their own technological capabilities because they commonly lack in-house technological expertise in digital twin solutions. As a result, system integrators are not considered competitors, but rather ecosystem partners who facilitate the commercial growth of specialized digital twin solution providers like the Group by leveraging their integration strengths and connections with large projects. To further mitigate competitive risks, strategic initiatives could include deepening partnerships to ensure mutual benefit, enhancing differentiation through industry-specific expertise, and strengthening solution capabilities.

DRIVERS OF DIGITAL TWIN SOLUTION MARKET IN CHINA

The digital twin solution market is primarily driven by the following factors:

- Demand for digital twin solutions:** There is a growing demand from businesses and individual users to create, operate, or participate in the digital world to meet three key needs: the need for real-time data collection and predictive analytics of the physical world, the need to train and validate AI algorithms, and the need for immersive, interactive experiences. As enterprises in different industries continue to embrace digital transformation, digital twin solutions have become important tools for achieving objectives in operational optimization, AI algorithm training and validation as well as customer experience improvement. For instance, the capability to simulate and analyze physical assets or environments in real time has been crucial for enterprises in manufacturing, water conservancy, transportation and other sectors to

INDUSTRY OVERVIEW

improve operational efficiency and decision-making. In fact, the demand for digital twin solutions has been proved as well in recent years. The number of digital twin solution projects publicly seeking providers through a bidding process exceeded 2,000 in 2024, increased from more than 50 in 2020. This increase demonstrates the growing recognition of digital twin solutions as an important way for enterprises to innovate and achieve different objectives, driving the growth of digital twin solution market in China.

- **Technological advancement:** The gradual maturation of the development of emerging technologies such as AI, cloud services, and IoT, including the maturity of generative AI and 3D real-time modeling, has facilitated the rapid deployment of digital world infrastructure and applications in various scenarios on the supply side. These technological advancements have not only improved the efficiency of digital twin solutions but also opened new possibilities for their integration into various scenarios. For example, advancements in generative AI technology can enhance the capabilities of digital twin solutions by enabling more accurate incident detection and simulations, and also allow users to interact with the systems through natural languages. Moreover, IoT technology plays a critical role in bridging the gap between the physical and digital worlds by facilitating bidirectional data communication. This allows real-time data to be continuously collected from physical environments through sensors, machines or others, and transmitted to digital twins for analysis. This data flow is then used to update and optimize the performance of physical properties, ensuring higher levels of operational efficiency and responsiveness.
- **Favorable government policies:** Favorable government policies on digital twins create a conducive and sustainable environment for their development in China. For example, the State Council of China issued the “Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development of the People’s Republic of China and the Visionary Goals for the Year 2035” in March 2021, which explicitly stated that it would explore the construction of digital twin cities, which demonstrate a commitment to leveraging digital twin solutions for sustainable economic growth and innovation across a range of scenarios, creating a favorable environment for the digital twin solution market.

This national strategy is further reinforced by several key industry-specific policies. The “14th Five-Year Plan for the Development of Information and Communication Industry” (《“十四五”信息通信行業發展規劃》) emphasizes “accelerating the deep integration of new technologies such as artificial intelligence, blockchain, digital twins, and virtual reality with traditional industries” as part of strengthening core technology research and innovation. Additionally, the “14th Five-Year Plan for the Development of Digital Economy” (《“十四五”數字經濟發展規劃》) stresses the need to “deepen the construction of new smart cities, promote urban data integration and sharing and business collaboration, enhance comprehensive urban management service capabilities, improve urban information model platforms and operational management service platforms, and construct digital twin cities according to local conditions.” These policies demonstrate the PRC government’s strong commitment to leveraging digital twin solutions to drive innovation across various sectors. By incorporating digital twin development into national strategy, favorable policies create a supportive environment for the sustainable growth of the digital twin market in China. For further details regarding the Fourteenth Five-year Plan, see “Regulatory Overview—Regulations and policies on the digital twin industry.”

INDUSTRY OVERVIEW

FUTURE TRENDS OF DIGITAL TWIN SOLUTION MARKET IN CHINA

The digital twin solution market is expected to witness the following growth trends:

- **Expanded application scenarios:** The major application scenarios of the digital twin solution market in the initial stage focus on the design and operation management of cities, parks and buildings, water conservation and water affairs, among others. However, with the continuous innovation of technology and the growing demand of customers, the application scenarios will expand into various scenarios such as healthcare, education and other scenarios. At the same time, the application of AI training and validation and user interaction and experience will be further deepened to meet the diversified needs of customers. The contribution of size of AI training and validation market to the digital twin solution market in China is expected to increase from 35.9% in 2024 to 37.0% in 2029. The contribution of size of user interaction and experience to the digital twin solution market in China is expected to increase from 2.9% in 2024 to 3.4% in 2029.
- **Building digital twin ecosystems:** Leading digital twin solution providers will take the lead in focusing on the construction of the digital twin ecosystem, and play an important leading role in the construction of the digital twin ecosystem by cooperating with various partners and building a unified industry standard, so as to build a complete digital twin ecosystem and promote the healthy development of the digital twin solution market.
- **Further integration with generative AI technology:** As the technology and commercialization of generative AI continue to mature, digital twin solutions will be further combined with generative AI technology. For example, generative AI technology can enable people to interact with the digital twin world in the form of natural language, which opens up the ability for users to access and control complex digital twin world without needing to take complex actions but simply asking the systems in human language. In addition, as digital twins typically involve huge amount of real-time data from various sources, which can be hard to manage. Generative AI technology can allow digital twins to compress data while retaining essential information, and thus to transfer and process data in digital twins more efficiently.

COMPETITIVE LANDSCAPE OF DIGITAL TWIN SOLUTION MARKET IN CHINA

China’s digital twin solution market is experiencing rapid growth, and the current competitive landscape is fragmented, with numerous types of players [REDACTED] a diverse range of solutions.

Players in the China digital twin solution market can be categorized into two types: one-stop solution providers and point solution providers. One-stop solution providers are equipped to offer a comprehensive range of products and services, spanning model asset development tools to applications, and digital twin applications across multiple domains. In contrast, point solution providers specialize in certain specific types of product or service and offer digital twin applications within a single domain. One-stop solution providers have a number of significant advantages over point solution providers, including greater technical capabilities, technical comprehensiveness, industry knowledge, business model diversity, and growth potential.

The Company is the largest digital twin solution provider in China in terms of digital twin solution revenue in 2024 and the only one-stop solution provider among the leading players in the market.

INDUSTRY OVERVIEW

Ranking of top digital twin solution providers in China, in terms of revenue in 2024

Ranking	Company	Type	Revenue of Digital Twin Solutions (RMB Million)	Market Share (%)
1	51WORLD	One-stop solution provider	287	2.4%
2	Company A ⁽¹⁾	Point solution provider	205	1.7%
3	Company B ⁽²⁾	Point solution provider	194	1.6%
4	Company C ⁽³⁾	Point solution provider	134	1.1%
5	Company D ⁽⁴⁾	Point solution provider	130	1.1%

Source: Public information, Expert interview, Frost & Sullivan

Notes:

- (1) Company A is a private company focusing on the operation visualization, which primarily provides digital twin solutions and IoT related solutions.
- (2) Company B is a private company focusing on surveying and mapping, which primarily provides digital twin solutions and surveying and mapping services.
- (3) Company C is a private company focusing on AI simulation and validation, which primarily provides digital twin solutions especially AI training and validation.
- (4) Company D is a private company focusing on the data visualization, which primarily provides digital twin solutions especially large display screens.

Comparison: Modules provided by leading players in digital twin solution market

	Modeling tools			Model libraries			Application development platforms			Applications		
	Data convergence	Object Modeling	Scene generation and editing	Standard model library	City model library	Earth model library	Basic development platform	Data platform	Simulation engine	Design and operation Optimization	AI training and validation	User interaction and experience
51WORLD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Company A	✓	✓	✓	✓	—	—	✓	—	—	✓	—	—
Company B	✓	✓	✓	✓	—	—	✓	—	—	✓	—	—
Company C	✓	✓	✓	✓	—	—	✓	✓	✓	—	✓	—
Company D	✓	✓	✓	✓	—	—	✓	—	—	✓	—	—

Source: Public information, Expert interview, Frost & Sullivan

Comparison: Technology capabilities of leading players in digital twin solution market

	3D graphics	Physical simulation	AI
51WORLD	Strong	Strong	Strong
Company A	Strong	Moderate	Limited
Company B	Strong	Moderate	Moderate
Company C	Moderate	Strong	Moderate
Company D	Strong	Moderate	Limited

Strong Strong capability and already at commercialization stage

Moderate Relatively limited capability or at early stage of commercialization

Limited No presence or very limited capability

Source: Public information, Expert interview, Frost & Sullivan

INDUSTRY OVERVIEW

ENTRY BARRIERS OF DIGITAL TWIN SOLUTION MARKET IN CHINA

China’s digital twin solution market has the following key success factors:

- **Leading technological research and innovation capabilities:** Digital twin solution providers must have advanced research and development capabilities to stay at the forefront of technological innovations to ensure their digital twin solutions incorporate the latest advancements, delivering superior performance and functionality to their clients.
- **Comprehensive one-stop solution capability:** [REDACTED] a holistic, one-stop solution is crucial. Digital twin solution providers that can deliver a complete package—encompassing everything from initial consultation and design to implementation, integration, and ongoing support—can meet diverse client needs more effectively and provide seamless user experiences.
- **Deep industry-specific know-how:** A profound understanding of specific industries is essential. Digital twin solution providers with deep sector-specific expertise can tailor their [REDACTED] to address the unique challenges and requirements of each industry, enhancing their relevance and value to clients as different industries or application scenarios may have completely industry know-how required. For example, in the manufacturing sector, as digital twins are used for simulating production processes and optimizing operation, the industry know-how required would be more focused on understanding of the physical systems and workflows in factories, expertise in deploying sensors and collecting data from machines for operation optimization. Meanwhile, in the automotive and transportation sector, as digital twins are employed for vehicle design, autonomous systems and traffic management, the industry know-how required would be more focused on understanding of vehicle design, self-driving technologies and simulation of traffic scenarios.
- **Widely recognized brand and reputation:** A strong, reputable brand is a significant asset to all digital twin solution providers. Providers with a well-known and respected brand are more likely to be trusted by clients, which can lead to increased adoption of their solutions. Positive word-of-mouth and industry recognition further solidify their market position.
- **Ecosystem linkage capability:** Building and maintaining strong connections within a technological ecosystem is vital. Providers that can effectively link with other technology providers, industry partners, and stakeholders can offer more integrated and comprehensive solutions. This collaborative approach enhances innovation and accelerates the development of more valuable digital twin solutions.

DIGITAL TWIN SOLUTIONS FOR DESIGN AND OPERATION OPTIMIZATION

WHAT IS A DIGITAL TWIN DESIGN AND OPERATION OPTIMIZATION SOLUTION

A digital twin design and operation optimization solution refers to the digital twin solution that leverages digital sensing, transmission and other cutting-edge technologies to analyze massive data generated from the physical world, forming intelligent insights, then further feeding back into the physical world, thereby achieving continuous optimization and scientific decision-making on the physical world. A digital twin design and operation optimization solution includes a comprehensive modeling library for managing digital twin models and assets at various levels of granularity, along with modeling tools and platforms that enable data convergence, object modeling, scene generation, and editing. Additionally, it offers industry-specific solutions tailored to meet customers’ unique digital twin requirements.

INDUSTRY OVERVIEW

A digital twin design and operation optimization solution typically have the following functions, including:

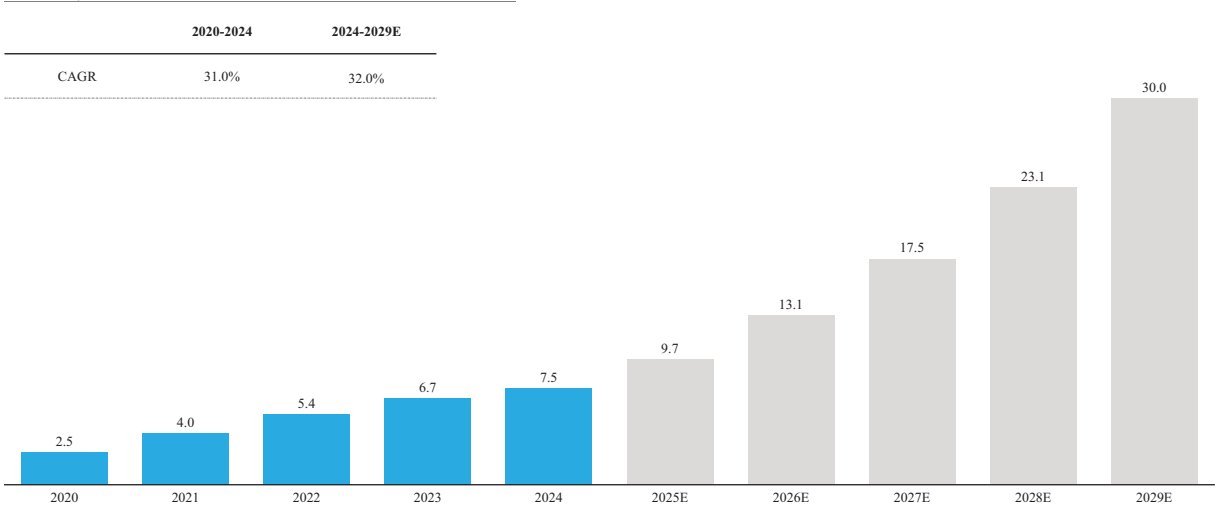
- **Construction of a digital twin:** utilizing 3D graphics technology and simulation technology to construct a digital twin that reflects the realistic physical world;
- **Data collection and transmission:** utilizing various sensors and IoT devices to collect data from the physical world and transmitting the collected data to the digital twin ensuring the virtual representation is up-to-date with the current state of the physical entity; and
- **Operation optimization:** utilizing AI technology to analyze the vast amounts of data generated and result in actionable insights that can help decision maker better understand the performance and potential risks of the physical entity so that they can make the most informed and optimal decisions throughout the business operation.

In design and operation optimization, digital twins enable real-time data collection and predictive analysis of the physical world, thus improving management efficiency and optimizing management costs in the physical world.

MARKET SIZE OF DIGITAL TWIN DESIGN AND OPERATIONS OPTIMIZATION SOLUTION MARKET IN CHINA

The global digital twin design and operation optimization solution market size grew from US\$2.8 billion in 2020 to US\$7.4 billion in 2024, at a CAGR of 26.9% from 2020 to 2024. The global digital twin design and operation optimization solution market size is projected to continue to grow to US\$27.4 billion by 2029, at a CAGR of 30.0% from 2024 to 2029. China’s digital twin design and operation optimization solution market size grew from RMB2.5 billion in 2020 to RMB7.5 billion in 2024, at a CAGR of 31.0% from 2020 to 2024. China’s digital twin design and operation optimization solution market size is projected to continue to grow to RMB30.0 billion by 2029, at a CAGR of 32.0% from 2024 to 2029.

Market size of China’s digital twin design and operation optimization solution market
RMB Billion, 2020-2029E



Source: Public information, Expert interview, Frost & Sullivan

INDUSTRY OVERVIEW

DRIVERS AND FUTURE TRENDS OF DIGITAL TWIN DESIGN AND OPERATION OPTIMIZATION SOLUTION MARKET IN CHINA

China’s digital twin design and operation optimization solution market is primarily driven by the following factors:

- Demand from enterprise-level customers:** As the business environment becomes increasingly competitive, the demand from enterprise-level customers to optimize operational efficiency through digital twin technology is rising. Digital twin technology can create virtual models of physical assets, processes and systems, and monitor and optimize actual operations through real-time data and simulation, which not only improves the operational efficiency of enterprises, but also reduces costs and risks, and improves the accuracy and timeliness of decision-making.
- Expanding application scenarios:** The application scenarios of digital twin design and operation optimization solutions will continue to expand from urban, industrial manufacturing, and water utility scenarios to a variety of application scenarios such as retail, energy, and healthcare, which will further drive the growth opportunities in the market.
- Improvement of the ecosystem:** As more enterprises join the digital twin ecosystem, collaboration between partners will be further deepened to jointly promote technological innovation and application expansion. For example, in a huge smart city construction project, different enterprises and government departments can share city operation data through a unified digital twin platform to optimize resource allocation and city management.

COMPETITIVE LANDSCAPE OF THE DIGITAL TWIN DESIGN AND OPERATION OPTIMIZATION SOLUTION MARKET IN CHINA

We are the largest digital twin design and operation optimization solution provider in China in terms of digital twin design and operation optimization solution revenues in 2024, and the only one-stop solution provider among the leading players.

Ranking of top digital twin design and operation optimization solution providers in China, in terms of revenue in 2024

Ranking	Company	Type	Revenue of Digital Twin Design and Operation Optimization Solutions (RMB Million)	Market Share (%)
1	51WORLD	One-stop solution provider	236	3.2%
2	Company A	Point solution provider	205	2.7%
3	Company B	Point solution provider	194	2.6%
4	Company D	Point solution provider	130	1.7%
5	Company E ⁽¹⁾	Point solution provider	94	1.2%

Source: Public information, Expert interview, Frost & Sullivan

Notes:

(1) Company E is a private company which primarily provides digital twin solutions especially PaaS services.

INDUSTRY OVERVIEW

Comparison: Modules provided by leading players in digital twin design and operation optimization solution market

	Modeling tools			Model libraries			Application development platforms		
	Data convergence	Object Modeling	Scene generation and editing	Standard model library	City model library	Earth model library	Basic development platform	Data platform	Simulation engine
51WORLD	✓	✓	✓	✓	✓	✓	✓	✓	✓
Company A	✓	✓	✓	✓	—	—	✓	—	—
Company B	✓	✓	✓	✓	—	—	✓	—	—
Company D	✓	✓	✓	✓	—	—	✓	—	—
Company E	✓	✓	✓	✓	—	—	✓	—	—

Source: Public information, Expert interview, Frost & Sullivan

ENTRY BARRIERS OF DIGITAL TWIN AND OPERATION OPTIMIZATION SOLUTION MARKET IN CHINA

Entry barriers of China’s digital twin design and operation optimization solution market is set as followings:

- **Technology requirement:** Developing digital twin design and operation solutions requires deep expertise in multiple advanced technologies. These include 3D graphics technologies such as 3D modeling, animation, and real-time rendering; simulation technologies for physical characteristics, scenario and behavior simulation, and product testing and optimization; and AI technologies for modeling and data generation, real-time monitoring and feedback, as well as data analysis and prediction. The high technical complexity and specialized knowledge required in these areas create a substantial entry barrier for new players in China’s digital twin design and operation optimization solution market.
- **Industry know-how to satisfy industry-specific customization requirement:** Digital twin design and operation optimization solutions vary significantly across industries such as city management, manufacturing, and hydraulic engineering management. Each sector requires deep industry expertise to tailor solutions to its specific needs. New entrants may struggle to acquire the necessary industry knowledge and accumulate practical experience within a short period, posing a significant entry barrier.

DIGITAL TWIN SOLUTIONS FOR AI TRAINING AND VALIDATION

WHAT IS A DIGITAL TWIN AI TRAINING AND VALIDATION SOLUTION?

A digital twin AI training and validation solution refers to the digital twin solution that uses digital twins to create a simulation system for exploring, analyzing, and validating AI algorithms without the need for a physical system, and to generate synthetic data for AI algorithm training. A digital twin AI training and validation solution includes a training and validation platform that supports the simulation processes for intelligent driving and robotics within a virtually created environment, a data management and generation platform that handles and produces synthetic data to address the scarcity of real-world data for AI training and validation, as well as industry-specific application solutions.

A digital twin AI training and validation solution creates the virtual model and virtual environment of the physical system that replicates the system’s behavior and interactions with the environment, integrated with technologies such as AI technology, cloud computing technology, and others to provide a

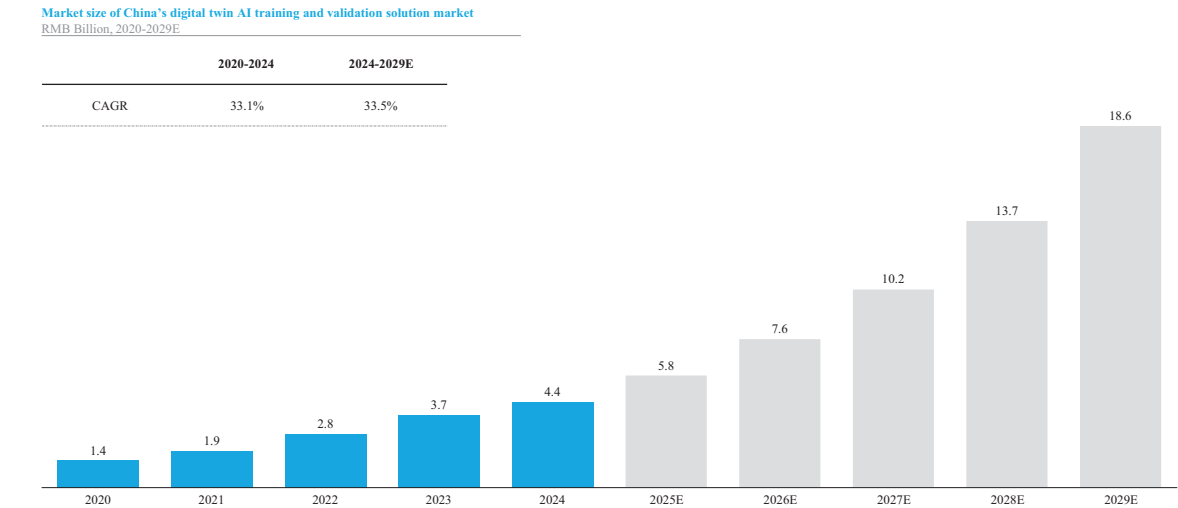
INDUSTRY OVERVIEW

precise and scalable platform, increasing the accuracy of AI training and validation. With digital twin AI training and validation solutions, enterprises can develop and refine AI algorithms within the digital twin environment to ensure that they are rigorously tested against various scenarios and conditions within the simulation, so that the final products can meet the specific performance criteria before real-world deployment. In addition, the digital twin AI training and validation solutions can help generate large volumes of synthetic data that replicate real-world conditions and scenarios when real-world data is scarce, expensive, or difficult to obtain.

In terms of AI training and validation, the rapid development of AI-enabled devices, such as self-driving cars and robots, has driven the demand for training and validation of AI algorithms using digital twins, and the digital twin-based simulation system greatly enhances the efficiency of AI research and development and improves its ability to quickly adapt to real-world scenarios.

MARKET SIZE OF DIGITAL TWIN AI TRAINING AND VALIDATION SOLUTION MARKET IN CHINA

The global digital twin AI training and validation solution market size grew from US\$0.8 billion in 2020 to US\$2.2 billion in 2024, at a CAGR of 26.3% from 2020 to 2024. The global digital twin AI training and validation solution market size is projected to continue to grow to US\$8.9 billion by 2029, at a CAGR of 32.6% from 2024 to 2029. China’s digital twin AI training and validation solution market size grew from RMB1.4 billion in 2020 to RMB4.4 billion in 2024, at a CAGR of 33.1% from 2020 to 2024. China’s digital twin AI training and validation solution market size is expected to continue to grow to RMB18.6 billion by 2029, at a CAGR of 33.5% from 2024 to 2029.



Source: Public information, Expert interview, Frost & Sullivan

DRIVERS AND FUTURE TRENDS OF DIGITAL TWIN AI TRAINING AND VALIDATION SOLUTION MARKET IN CHINA

China’s digital twin AI training and validation solution market is primarily driven by the following factors:

- **Demand for intelligent driving simulation and testing:** China’s intelligent driving technology is still in a rapid development stage. Vehicles equipped with ADAS have reached

INDUSTRY OVERVIEW

commercialized, large-scale production, and ICVs equipped with L3 driving technology will begin operating on demonstration roads in 2024. Vehicles equipped with L4 and L5 self-driving technology will be able to operate in specific test and demonstration scenarios. The continuous development of intelligent driving has created a growing demand among automotive manufacturers for digital twin AI training and validation solutions.

- **Demand for synthetic data:** Synthetic data can provide a large amount of high-quality data support for enterprises and research institutes by simulating real-world data generation, which is of increasing importance especially in the environment of increasingly stringent requirements for privacy protection and data security. Therefore, the demand for synthetic data is expected to continue to grow with the continuous advancement of technology and the expansion of application scenarios.
- **Demand for robot simulation testing:** With the continuous advancement of technology and the increasing demand for automation in various industries, the robotics market is experiencing rapid development and expanding in different application scenarios, and the advantages of simulation testing have led to the rising demand for robot simulation testing among robotics manufacturers.

COMPETITIVE LANDSCAPE OF THE DIGITAL TWIN AI TRAINING AND VALIDATION SOLUTION MARKET IN CHINA

Players in the China digital twin AI training and validation solution market can be categorized into two types: one-stop solution providers and point solution providers. One-stop solution providers are equipped to offer a comprehensive range of products and services, including real data management and mining for AI training and validation, synthetic data services, and simulation training services for virtual environments and modeling algorithms. They provide applications across multiple domains. In contrast, point solution providers offer a limited selection of products or services and applications in a few domains.

We are one of the leading digital twin AI training and validation solution providers in terms of AI training and validation solution revenues in 2024, and is the only one that provides a full stack of digital twin AI training with easy-to-customize platforms provided to users.

Ranking of top digital twins AI training and validation solutions providers in China, in terms of revenue in 2024

Ranking	Company	Type	Revenue of Digital Twin AI Training and Validation Solutions (RMB Million)	Market Share (%)
1	Company D	Point solution provider	134	3.1%
2	Company F ⁽¹⁾	Point solution provider	119	2.7%
3	Company G ⁽²⁾	Point solution provider	106	2.4%
4	51WORLD	One-stop solution provider	48	1.1%
5	Company H ⁽³⁾	Point solution provider	46	1.1%

Source: Public information, Expert interview, Frost & Sullivan

Notes:

- (1) Company F is a private company, which provides simulation solutions for the automotive, railroad, aerospace, mining, and farming industry.
- (2) Company G is a private company, which provides simulation solutions for the automotive industry, and among others.
- (3) Company H is a private company, which provides simulation solutions for automotive industry.

INDUSTRY OVERVIEW

Comparison: Modules provided by leading players in digital twin AI training and validation solution market

	Focus ⁽¹⁾⁽²⁾	Comprehensiveness of functions			Easiness for customization
		Data Collection and labelling	Synthetic data generation	Virtual environment and AI model simulation	
51WORLD	L3 or above	✓	✓	✓	✓
Company D	L3 or above	✓	—	✓	✓
Company F	ADAS	✓	—	✓	✓
Company G	ADAS	✓	—	✓	—
Company H	ADAS	✓	—	✓	—

Source: Public information, Expert interview, Frost & Sullivan

Notes:

- (1) L3 or above includes level 3, level 4 and level 5 of intelligent driving. Level 3 also refers to conditional automation, which allows vehicles to drive themselves under ideal conditions and with limitations, such as limited-access divided highways at a certain speed and parking lots. Drivers are still required behind the wheel whereas their hands are off the wheel. Level 4 also refers to high automation, which allows vehicles to drive themselves without human interactions but be restricted to known use cases or in most environments and road conditions. L5 also refers to full automation, which enables vehicles to monitor and manoeuvre through all road conditions and require no human interventions whatsoever, eliminating the need for a steering wheel and pedals.
- (2) ADAS is advanced driver-assistance systems, which are electronic systems developed to automate, adapt, and enhance vehicle systems for safety and better driving.

ENTRY BARRIERS OF DIGITAL TWIN AI TRAINING AND VALIDATION SOLUTION MARKET IN CHINA

Entry barriers of China’s digital twin AI training and validation solution market is set as followings:

- **Scarcity of high-quality data:** AI training and validation require large volume of high-quality training data to create effective validation environments and generate synthetic data. However, collecting diverse and real data is challenging, especially in industries where data privacy and security are concerns. New entrants may have difficulties to access large volume of high-quality training data and thus struggle to develop satisfying AI training and validation solutions.
- **High skill requirement:** Developing and deploying digital twin AI training and validation solutions require a highly skilled workforce proficient in not only AI, simulation, data science and among others. However, new entrants may face difficulties to attract such skillful talents and compete with current leading players.

DIGITAL TWIN SOLUTIONS FOR USER INTERACTION AND EXPERIENCE

WHAT IS A DIGITAL TWIN USER INTERACTION AND EXPERIENCE SOLUTION?

Digital twin user interaction and experience solutions are designed to create engaging, realistic virtual environments and objects that mirror real-world features. These solutions enable users to engage in a range of activities across various sectors, including travel, social media, gaming, e-commerce, and education. Digital twin user interaction and experience solutions include modeling libraries that can manage digital twin models and assets at various levels of granularity, and modeling tools such as builders and development kits that support the digital twin development, as well as industry-specific application solutions in various sectors.

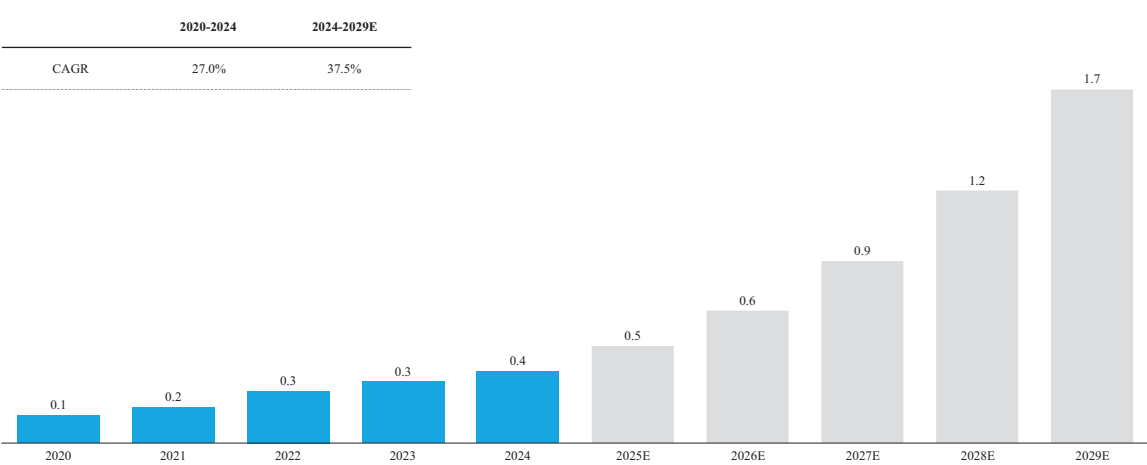
INDUSTRY OVERVIEW

In terms of user interaction and experience, there is a growing demand from users for immersive experiences in culture, entertainment, and education. At the same time, there is an increasing demand for the realism of virtual space. Digital twins can significantly enhance the realism of user interaction and experience, for example, by enabling comparisons of the efficiency, cost, and capability of traditional and meta-universe touring methods. Furthermore, user demand for immersive experiences will gradually expand to encompass larger urban and planetary levels. Digital twins provide users with high-quality city-level scenarios and data-based, real-time generation of full-featured planetary scenarios.

MARKET SIZE OF DIGITAL TWIN USER INTERACTION AND EXPERIENCE SOLUTION MARKET IN CHINA

Traditional 3D video content creation especially at an earth level is expensive, time-consuming, and requires specialized skills. By reducing these obstacles, 51Earth positions itself as an enabler for creators that may have previously been excluded from creating 3D and video contents due to the high barriers, which is expected to open up a large untapped market of users eager to adopt the technology. Furthermore, with the creator economy thriving, independent creators, influencers, and developers are seeking more user-friendly digital twin solutions to produce content that offers richer and more immersive experiences, which also presents significant market opportunities for digital twin user interaction and experience solutions like 51Earth. The global digital twin user interaction and experience solution market size is projected to grow from US\$0.4 billion in 2024 to US\$1.7 billion by 2029, at a CAGR of 30.1% from 2024 to 2029. China’s digital twin user interaction and experience solution market size is expected to grow from RMB0.4 billion in 2024 to RMB1.7 billion by 2029, at a CAGR of 37.5% from 2024 to 2029. The number of A-level scenic spots in China reached 16.5 thousand in 2024, generating annual revenue of RMB481.4 billion. The application of digital twin technologies across these A-level scenic spots is projected to create a total addressable market of over RMB20.0 billion by 2029. The Group’s strategic decision to launch See3 aligns with emerging trends in domestic tourism consumption, as evidenced by the total domestic travel spending, which reached RMB5.8 trillion in 2024 and is expected to reach over RMB13.8 trillion in 2029. As the digital twin user interaction and experience solution market is still at its developing stage, the market is relatively scattered. There were less than 100 participants in the digital twin user interaction and experience solution market in China in 2024.

Market size of China’s digital twin user interaction and experience solution market
RMB Billion, 2020-2029E



Source: Public information, Expert interview, Frost & Sullivan

INDUSTRY OVERVIEW

DRIVERS AND FUTURE TRENDS OF DIGITAL TWIN USER INTERACTION AND EXPERIENCE SOLUTION MARKET IN CHINA

China’s digital twin user interaction and experience solution market is primarily driven by the following factors:

- **End-user demand for diverse and immersive interactions and experiences:** As technology advances and end-users become more enthusiastic about new and emerging things, they will continue to demand more diverse and immersive interactions and experiences compared to the past.
- **Further integration with generative AI:** Generative AI will provide users with natural language-based interaction modes, enabling complex operations and dialogues through simple natural language commands, and [REDACTED] end-users of digital twins enhanced modes of interaction and experience.
- **Integration with AR/VR:** AR and VR technologies enable the presentation of complex digital twin models in a 3D, interactive format, allowing users to intuitively observe, manipulate, and analyze the virtual reflection of the physical world. The combination of digital twins and AR/VR will provide end users with more immersive interaction and experience modes.

ENTRY BARRIERS OF CHINA’S DIGITAL TWIN USER INTERACTION AND EXPERIENCE SOLUTION MARKET

Entry barriers of China’s digital twin user interaction and experience solution market is set as followings:

- **Infrastructure capability requirement:** Delivering high-quality, large-scale digital twin user interaction and experience solution require powerful cloud computing, GPU-accelerated rendering capabilities. Maintaining high-resolution digital twins especially at city and earth levels demands significant infrastructure capability. New entrants may struggle to match the infrastructure capabilities of existing leading players, causing the difficulty to enter the market.
- **High user experience requirement:** Delivering a seamless, hyper-realistic and immerse user experience requires expertise in 3D graphic technology, AI especially generative AI technology and among others. High user experience requirement demands players to have strong solution quality, which poses an additional barriers for new entrants.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan, an independent global consulting firm that offers industry research and market strategies and provides growth consulting and corporate training to conduct a detailed research on and analysis of the digital twin solution market. We have agreed to pay a fee of RMB510,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in “Summary,” “Risk Factors,” “Business,” “Financial Information,” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industries where we operate.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights

INDUSTRY OVERVIEW

on the industry trends of the target research markets. Primary research involved discussing the status of the market with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.

The Frost & Sullivan Report was compiled based on the following assumptions: (i) the social, economic and political environments of the PRC, and other primary countries worldwide will remain stable during the forecast period, which will ensure a sustainable and steady development of defined markets, and (ii) there are no significant adverse material changes in government policies in respect of the defined markets.

REGULATORY OVERVIEW

PRC regulations that have a material impact on our business operations are set forth below:

REGULATIONS AND POLICIES ON THE DIGITAL TWIN INDUSTRY

Pursuant to the “2023 Government Work Report” (《2023年政府工作報告》), in recent years, the industrial policies of the Chinese government include: (1) promoting the deep integration of the digital economy and the real economy; (2) accelerating the digital transformation of traditional industries and small and medium-sized enterprises (“SMEs”), and focusing on improving the level of high-end, intelligent and green development; (3) vigorously developing the digital economy, improving the level of normalized regulation, and supporting the development of platform economy; and (4) supporting the development of industrial Internet, which have strongly promoted the digitalization and intellectualization of the manufacturing industry.

The CPC Central Committee and the State Council issued the “Overall Layout Plan for the Construction of Digital China” (《數字中國建設整體佈局規劃》) in 2023, which put forward the following planning targets: (1) comprehensively empowering socio-economic development, and improving the size, quality and position of digital economy; (2) cultivating and expanding core industries of digital economy, studying and formulating measures to promote the high-quality development of digital industry, and building digital industrial clusters with international competitiveness; (3) promoting the deep integration of digital technology and the real economy, and accelerating the innovation and application of digital technology in key areas such as agriculture, industry, finance, education, health care, transportation and energy; (4) promoting smart governance of the ecological environment, accelerating the building of a smart and efficient ecological environment information system, and utilizing digital technology to promote the integrated protection and systematic governance of mountains, water, forests, fields, lakes, grasslands and sands, improve the three-dimensional “map” of natural resources and the basic information platform for national land and space, and build a smart water conservancy system with digital twin basin as its core; and (5) accelerating the synergistic transformation of digitization and greenization, and advocating a green and smart lifestyle.

Pursuant to the “14th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives through the Year 2035” (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) issued by the National People’s Congress on March 12, 2021, China will optimize the city information modeling (CIM) platform and the operation management service platform, build a city data resource system, promote the construction of a city data brain, and explore the construction of a digital twin city.

Pursuant to the “14th Five-Year Plan for National Informatization” (《「十四五」國家信息化規劃》) issued by the Office of the CPC Central Committee for Network Security and Informatization on December 27, 2021, China’s major tasks and key projects include “building an inclusive and convenient digital livelihood security system”, which involves: strengthening strategic research & layout and technological integration & innovation in key frontier fields such as artificial intelligence (AI), quantum information, integrated circuits, aerospace information, brain-like computing (BLC), neurochips, DNA storage, brain-computer interface (BCI), digital twins, new non-volatile storage, silicon-based photoelectrons, and non-silicon-based semiconductors; and steadily pushing forward the construction of the city data resource system and the data brain, building an interconnected, open, and empowered intelligent hub, optimizing the CIM platform and the operation management service platform, and exploring the construction of a digital twin city.

REGULATORY OVERVIEW

Pursuant to the “14th Five-Year Plan for the Development of Digital Economy” (《「十四五」數字經濟發展規劃》) issued by the State Council on December 12, 2021, the overall requirements for the development of the national digital economy include “continuously improving” of digitization of public services, which calls for deepening the construction of new-type smart cities, promoting the integration and sharing of city data and business synergy, improving the capability of providing comprehensive urban management services, and optimizing the CIM platform and the operation management service platform, so as to construct digital twin cities based on local conditions.

The “14th Five-Year Plan for the Development of the Information and Communication Industry” (《「十四五」信息通信行業發展規劃》) issued by the Ministry of Industry and Information Technology (MIIT) on November 1, 2021 proposed to: (1) strengthen the research and development of key core technologies and products in the fields of cloud computing centers, the Internet of Things (IoT), the industrial Internet, and the Internet of Vehicles (IoV), and accelerate the deep integration and development of new technologies, such as AI, blockchain, digital twins, and virtual reality, with the traditional industries; (2) promote the establishment of a standard system for emerging fields of integrated development, and accelerate the formulation and promotion of common standards and key technology standards for digital infrastructure; (3) accelerate the construction of the CIM platform and the operation management service platform; (4) implement the renovation of intelligent municipal infrastructure, promote the application of intelligent perception facilities for water supply, drainage, gas, heat and other facilities, and improve facility operational efficiency and safety performance; (5) build an integrated perception system for urban roads, buildings, and public facilities, and synergize the development of smart cities and intelligent connected vehicles (ICVs); (6) build an intelligent property management service platform, promote the online and offline integration of property services, and build smart communities; and (7) promote the synergistic development of intelligent construction and building industrialization, implement the project for enhancing the capability for intelligent construction, cultivate intelligent construction industrial bases, and build a big data platform for the construction industry, so as to realize intelligent production, intelligent design, intelligent construction and intelligent operation and maintenance.

The “14th Five-Year Plan for the Development of Software and Information Technology Service Industry” (《「十四五」軟件和信息技術服務業發展規劃》) issued by the MIIT on November 15, 2021 proposed to support the innovation and application of software such as CIM, geographic information system (GIS), building information modeling (BIM), and building fire simulation, implement the project to enhance the capability for intelligent construction, and make breakthroughs in digitization, networking and intellectualization in the construction industry.

The “14th Five-Year Plan for the Development of In-depth Integration of Informatization and Industrialization” (《「十四五」信息化和工業化深度融合發展規劃》) issued by the MIIT on November 17, 2021 proposed to: (1) build digital workshops and smart factories around key equipment fields such as machinery, automobiles, aviation, aerospace, ships, weapons, electronics, and electric power, build a digital twin system for the full life cycle of equipment, promote the scale application of model-based system engineering (MBSE), and realize predictive maintenance and health management of equipment relying on industrial Internet platforms; (2) establish a sound standard system for the deep integration of digitalization and industrialization, and formulate and revise national standards, industrial standards and group standards in key areas such as degrees of integration in digitalization and industrialization, integration and management system for digitalization and industrialization, digital transformation, industrial Internet, cyber-physical systems (CPS), digital twins, digital supply chain, equipment uploading to cloud, data dictionary, digital simulation of manufacturing industry, and

REGULATORY OVERVIEW

industrial information security relying on the National Standardization Committee for Integration of Digitalization and Industrialization (TC573), scientific research institutions, alliance groups and other types of professional and technical organizations; (3) cultivate comprehensive, characteristic and specialized platforms, guide cross-industry and cross-field platforms to pool a wider range of production factor resources, build industry and regional characteristic platforms for key industries such as raw materials, equipment manufacturing, consumer goods, electronic information and industrial agglomerations, and build specialized platforms for technologies such as cloud simulation, digital twins, data processing, and more; (4) drive technological progress through integration and application, and build integrated platforms and common technology public service platforms for the industry, academia, research and application to carry out research on key cutting-edge technologies such as artificial intelligence, blockchain, digital twin, break through the bottleneck of core technologies such as core electronic components and basic software, and accelerate digital industrialization.

The “14th Five-Year Plan for the Development of Intelligent Manufacturing” (《「十四五」智能製造發展規劃》) issued by the MIIT, the National Development and Reform Commission (the “NDRC”), the Ministry of Education, the Ministry of Science and Technology, the Ministry of Finance, the Ministry of Human Resources and Social Security, the SAMR, and the State-owned Assets Supervision and Administration Commission of the State Council on December 21, 2021 put forward to: (1) make breakthroughs in common technologies such as multi-dimensional intelligent perception in industrial fields, production process optimization based on human-machine collaboration, digital twins of equipment and production processes, online precision testing for quality, lean management and control of production processes, equipment fault diagnosis and predictive maintenance, dynamic production planning and scheduling in complex environments, intelligent decision-making for the entire production process, and collaborative optimization of the supply chain; (2) deepen the application of new technologies such as digital twins, AI, 5G, big data, blockchain, Virtual Reality (VR)/Augmented Reality (AR)/Mixed Reality (MR) in the manufacturing process, and form a number of “Digital Twin +”, “Artificial Intelligence +”, “Virtual/Augmented/Mixed Reality (XR) +” and other intelligent scenarios; promote the innovative application of new technologies such as digital twins and AI, and develop a number of internationally advanced new intelligent manufacturing equipment; (3) research and develop intelligent industrial control systems that integrate digital twins, big data, AI, edge computing, VR/AR, 5G, BeiDou, satellite Internet and other new technologies, intelligent machine tools, cooperative robots, adaptive robots and other new equipment; and (4) formulate and revise standards for basic commonalities and key technologies such as digital twins, data dictionaries, human-machine collaboration, intelligent supply chains, system reliability, and integration of information security and functional safety, to meet the needs of technological evolution and industrial development and accelerate the development of industry application standards.

The “14th Five-Year Plan for the Development of Raw Material Industry” (《「十四五」原材料工業發展規劃》) issued by the MIIT, the Ministry of Science and Technology, and the Ministry of Natural Resources (the “MNR”) on December 21, 2021 proposed to improve the level of production intelligence; and build a digital twin model for major production scenarios, processes, and key core equipment.

The “14th Five-Year Plan for Green Development of Industry” (《「十四五」工業綠色發展規劃》) issued by the MIIT on November 15, 2021 proposed to integrate the development of digitization, intellectualization and greenization; deepen the digital application of product R&D and design, production and manufacturing, application and service, and recycling, and accelerate the application of AI, IoT, cloud computing, digital twins, blockchain and other information

REGULATORY OVERVIEW

technologies in the field of green manufacturing to improve the efficiency and effectiveness of green transformation and development.

The “14th Five-Year Plan for the Development of the Construction Industry” (《「十四五」建築業發展規劃》) issued by the Ministry of Housing and Urban-Rural Development (the “MOHURD”) on January 19, 2022 proposed to: (1) accelerate the integrated application of the BIM technology in the whole life cycle of the project, improve data interaction and security standards, strengthen the digital synergy in all aspects of design, production, and construction, and promote the delivery and application of digitalized results in the whole process of engineering construction; (2) promote the integration and application of BIM technology, IoT, AI and other modern information technologies in engineering supervision; and (3) promote the application of BIM technology in the whole process of general contracting projects, and promote the in-depth integration of technology and management, as well as design and construction; and strengthen the role of construction drawing review, comprehensively promote digital review, and promote BIM review and AI review.

The “14th Five-Year Plan for Water Security Guarantee” (《「十四五」水安全保障規劃》) issued by the NDRC on January 11, 2022 proposed to: (1) promote the development of the digital basin. Taking the basin as a unit, digital terrain as the foundation, main and tributary water systems as the backbone, and water conservancy projects as important nodes, carry out a digital mapping of all elements of the physical river basin; strengthen the collection and processing of physical geography, economic society and other information, and deepen the organic combination of remote sensing technology and ground monitoring technology to establish a full-coverage basin monitoring that integrates aviation, aerospace and ground; and build digital images covering major river basins across the country, and carry out the construction of digital basins for the Yangtze River, the Yellow River, the Huaihe River, the Haihe River, the Pearl River, the Songliao River, Lake Taihu and other major rivers and lakes; and (2) promote the construction of digital twin basins. Integrate coupled hydrology, hydraulics, sediment dynamics, water resources, water engineering and other professional models and visualization models, and build the capabilities in digital twin basin simulation that integrate flood control and dispatching, water resources management and deployment, and water ecological process regulation; build simulation and analysis models for all-element water security forecasting, early warning, rehearsal, and planning, and strengthen capabilities in the simulation of visualization scenarios such as flood routing; and select the Huaihe River and the Haihe River basin to carry out pilot projects to develop digital twin basins in key flood control areas.

The “14th Five-Year Plan for National Emergency Response System” (《「十四五」國家應急體系規劃》) issued by the State Council on December 30, 2021 proposed to construct an information management platform for flood prevention and drainage based on CIM.

The “14th Five-Year Plan for Railway Science and Technology Innovation” (《「十四五」鐵路科技創新規劃》) issued by the State Railway Administration on December 13, 2021 proposed to: (1) study complete sets of 5G technologies, and promote the application of millimeter-wave communication, wireless big data, digital twins, cloud-edge-endpoint synergy, perception-communication-computing integration and other technologies in the field of railway communication and signaling; (2) focusing on the goal of full life cycle and full service integration, continue to strengthen the top-level planning research of intelligent railway, and build the system architecture for intelligent railway technology (version 2.0); and (3) deepen the technological innovation of intelligent construction, intelligent equipment, and intelligent operation, and carry out the R&D and application of the intelligent construction digital twin platform.

REGULATORY OVERVIEW

The “14th Five-Year Plan for the Development of Highways” (《公路「十四五」發展規劃》) issued by the Ministry of Transport of the People’s Republic of (MOT) in February 2022 proposed to build smart highways, promote the simultaneous planning and construction of BIM, highway perception network and highway infrastructure, accelerate the digital transformation of highway infrastructure, promote the development of all-element and full-cycle digital transformation of highway infrastructure, and strengthen the active security warning of key information of key infrastructures.

The “14th Five-Year Plan for the Development of Modern Integrated Transportation System” (《「十四五」現代綜合交通運輸體系發展規劃》) issued by the State Council on December 9, 2021 proposed to: (1) optimize the digital perception system (DPS) of facilities; (2) promote the digital transformation and upgrading of existing facilities, and strengthen the simultaneous planning and construction of new facilities and perception network; and (3) build a system for sensing the operational status of facilities, strengthen the digitalized sensing monitoring coverage of key channels and hubs, and enhance the all-weather and full-cycle operation status monitoring and capability in active early warning of key road sections and important nodes.

The “14th Five-Year Plan for the Construction of a National Standard System to Promote High-quality Development” (《「十四五」推動高質量發展的國家標準體系建設規劃》) issued by the Standardization Administration of China (the “SAC”), the Office of the CPC Central Committee for Network Security and Informatization, the Ministry of Science and Technology, the MIIT, the Ministry of Civil Affairs, the Ministry of Ecology and Environment, the MOHURD, the Ministry of Agriculture and Rural Affairs, the Ministry of Commerce, and the Ministry of Emergency Management on December 6, 2021 proposed to: (1) optimize the construction of standard system in terms of the graded and classified construction of smart city, intelligent transformation of infrastructure, utilization of urban digital resources, city data brain, innovative application of AI, and city digital twins, and accelerate the development of standards for typical fields such as smart emergency response, smart elderly care, smart community, and smart business districts; and (2) carry out standard experimental verification and application implementation, leading and supporting the construction of smart cities with standardization.

The “14th Five-Year Plan of Action for Electric Power Production Safety” (《電力安全生產「十四五」行動計劃》) issued by the National Energy Administration on December 8, 2021 proposed to build a new type of capacity for electric power production safety based on the industrial Internet, organize and carry out pilot applications of “Industrial Internet + Production Safety”, and promote the application and demonstration of new technologies and products such as 5G + Production Safety, edge computing, digital twins, smart screens, and safety chips.

The “14th Five-Year Plan to Support the High-quality Development of Demonstration Zones for Industrial Transformation and Upgrading in Old Industrial Cities and Resource-based Cities” (《「十四五」支持老工業城市和資源型城市產業轉型升級示範區高質量發展實施方案》) issued by the NDRC, the Ministry of Science and Technology, the MIIT, the MNR, and China Development Bank on November 19, 2021 proposed to: (1) accelerate the construction of a digital society, support the development of telecommuting, tele-education, telemedicine, smart buildings, smart communities and digital families; (2) accelerate the construction of smart cities, and promote the wide application of digital technology in the modernization of social governance in municipal areas; and (3) promote the large-scale deployment of 5G networks, and strive to cover all the cities in the demonstration zones by 2025.

REGULATORY OVERVIEW

Pursuant to the “Guidelines of the State Council on Strengthening the Construction of Digital Governments” (《國務院關於加強數字政府建設的指導意見》) issued by the State Council on June 6, 2022, China will lead the construction of a digital society that requires exploring the application of new technologies such as CIM and digital twins to enhance the scientific, refined and intelligent level of urban governance; and promote the development of digital villages with digitalization to support a modern rural governance system.

The “National Comprehensive Three-dimensional Transportation Network Planning Outline” (《國家綜合立體交通網規劃綱要》) issued by the CPC Central Committee and the State Council on February 24, 2021 proposed to: (1) promote the intelligent management of highway road networks and travel information services, and improve the road traffic monitoring equipment and supporting networks; and (2) promote the synergistic development of ICVs and smart cities, build an integrated perception system of urban roads, buildings, and utilities, and build a smart travel platform that bases on the CIM platform and integrates dynamic and static data of the city.

The “Guidelines for the Construction of a Comprehensive Standardization System for the Industrial Internet (2021 Edition)” (《工業互聯網綜合標準化體系建設指南（2021版）》) issued by the MIIT and the SAC on November 24, 2021 proposed the industrial digital twin standard, i.e. (1) the capacity requirement standards are designed to standardize the industrial digital twin architecture, technology and system, including the functional requirements for the reference architecture of industrial digital twins, and the development engines and management system, the performance requirements for the digital twins in terms of speed, precision, scale, breadth, security, reliability, and stability, as well as digital support technology, digital mainline, digital twin modeling and other standards; (2) development, operation and maintenance standards: mainly to standardize the industrial digital twin development, construction and operation and maintenance requirements, including products, equipment, production lines, factories, etc., industrial digital twin development process, development methods, construction guidelines, management, operation and maintenance, data interaction and interface and other standards; (3) application service standards: mainly to standardize the industrial digital twin application, service and evaluation requirements, including products, equipment, production lines, factories, etc., industrial digital twin application scenarios, digital simulation, application implementation, service mode, application maturity, management standards and other standards.

The “Plan of Action for the Innovative Development of Industrial Internet (2021-2023)” (《工業互聯網創新發展行動規劃（2021-2023年）》) issued by the MIIT on December 22, 2020 proposed to support the construction of specialized platforms for cloud simulation, digital twins, data processing, fault prediction and health management (PHM), etc. to accelerate the application of IT innovation ; promote research on the integration technologies of edge computing, digital twins, blockchain and other technologies with the industrial Internet, and strengthen the testing, validation and commercialization of integration products and their solutions; cultivate platform innovation solutions, strengthen the platform’s capabilities in industrial data integration management and industrial mechanism modeling for process, control, operation and maintenance, develop and build digital twin innovation tools to create a number of “platform + product”, “platform + model” and “platform + industry/region” innovation solutions. “platform + industry/region” innovative solutions; cultivate high-quality industrial APP, develop industrial intelligent solutions based on digital twin technology, support the construction of open source communities and developer communities, develop industrial APP stores, and promote the trading and circulation of industrial APP; expand the servicing, support

REGULATORY OVERVIEW

equipment manufacturing enterprises to build product Internet and service platforms, carry out product model construction and data analysis based on digital twins, artificial intelligence, blockchain and other technologies, and create modes of predictive maintenance of equipment, optimization of energy efficiency of equipment, and derivation of product services.

Pursuant to the “Implementation Plan on Promoting the Action of ‘Implementing an Inclusive Cloud Service Support Policy Empowered by Big Data Integration’ to Cultivate the Development of New Economy” (《關於推進「上雲用數賦智」行動培育新經濟發展實施方案》) issued by the NDRC and the Office of the CPC Central Committee for Network Security and Informatization on April 7, 2020, the government will carry out the Digital Twin Innovation Initiative, encourage research institutions and industrial alliances to organize various forms of innovation activities, focus on solving the problems of enterprises’ digital transformation, such as digital infrastructure, common software and application scenarios, and focus on the difficulties and pain points in the specialized division of labor of digital twins to guide all parties to participate in proposing solutions for digital twins; accelerate the research, development and application of common and key technologies for digital transformation, and support the exploration of new-generation digital technology applications and integrated innovations, such as big data, artificial intelligence, cloud computing, digital twins, 5G, the Internet of Things, and blockchain in the scope of industry sectors and enterprises that are in a position to do so.

The “Plan of Special Action for Digital Empowerment of Small and Medium-sized Enterprises” (《中小企業數字化賦能專項行動方案》) issued by the MIIT on March 18, 2020 proposed to support the development of new types of data products and services, encourage the exploration of new business models such as specialized data collection, data cleansing, data exchange, and data annotation, and develop basic data-processing cloud services such as flexible distributed computing and data storage, and data analysis services such as online machine learning, natural language processing, image understanding, speech recognition, knowledge mapping, data visualization and digital twin to help SMEs to improve the level of data development and application.

The “Implementation Opinions on Promoting the In-depth Integration and Development of Advanced Manufacturing and Modern Service Industries” (《關於推動先進製造業和現代服務業深度融合發展的實施意見》) issued by the NDRC, the MIIT, the Office of the CPC Central Committee for Network Security and Informatization, the Ministry of Education, the Ministry of Finance, the Ministry of Human Resources and Social Security, the MNR, the Ministry of Commerce, the People’s Bank of China (the “PBOC”), the SAMR, the National Bureau of Statistics (the “NBS”), the National Copyright Administration, the former China Banking and Insurance Regulatory Commission, the CSRC, and the China National Intellectual Property Administration (the “CNIPA”) on November 10, 2019 proposed to: (1) make breakthroughs in key technologies such as industrial mechanism modeling, digital twins, and information-physical systems; (2) carry out in-depth implementation of the strategy for the innovation and development of the industrial Internet, speed up the construction of an identification analysis and security guarantee system, and develop a key industry- and region-oriented industrial Internet platform; and (3) promote the digital transformation of key industries, promote a number of industry system solutions, and promote the upgrading and transformation of enterprises’ internal and external networks.

The “Implementation Opinions of the Ministry of Industry and Information Technology on Promoting Improvement of the Quality of Products and Services in the Manufacturing Industry” (《工業和信息化部關於促進製造業產品和服務質量提升的實施意見》) issued by the MIIT on August 29, 2019 proposed to promote the development and application of technologies such as digital twins,

REGULATORY OVERVIEW

reliability design and simulation, and quality fluctuation analysis, and improve capabilities for product quality design and process control; and continue to promote the implementing standards for integration and management system for digitalization and intelligentization, apply cloud computing, big data, AI and other new-generation information technologies in quality management, establish quality information databases, develop quality management tools for online testing, process control and quality traceability, strengthen quality and data analysis, and promote enterprises to establish a whole-process quality management system based on digitalization, networking and intellectualization.

The “Circular on Accelerating the Digital Transformation of State-owned Enterprises” (《關於加快推進國有企業數字化轉型工作的通知》) issued by the State-owned Assets Supervision and Administration Commission of the State Council on August 21, 2020 proposed to accelerate breakthroughs in common digitalization technologies such as advanced sensing, new networks, and big data analysis, as well as cutting-edge technologies such as 5G, AI, blockchain, and digital twins based on the actual application scenarios of enterprises, and build up an internationally advanced, safe and controllable digital transformation technology system.

The Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智慧服務管理暫行辦法》, the Generative AI Regulation) was published on July 10, 2023 and effective on August 15, 2023, which applies to the use of generative AI technologies to provide the public within the territory of the PRC with services of generative text, pictures, audios, videos and other content, and mainly regulates the data training and annotation activities and the services providing regarding the generative AI. “The public” in this context refers to services offered to multiple unspecified entities, whether individuals or businesses, rather than services used solely for internal research, development, or offered exclusively to employees within an organization. The Generative AI Regulation is not applicable to the Group since it has not provided generative AI services to the public within the territory of the PRC as of the Latest Practicable Date. The Measures for Identifying AI-Generated/Synthetic (《人工智慧能生成合成內容標識辦法》, the “Generative AI Measures”) Content was promulgated on March 7, 2025 and took effect on September 1, 2025. The Generative AI Measures require all AI-generated content, including text, images, audio, and video, to be labeled with both visible, explicit labels and embedded, implicit markers like watermarks, aiming to combat misinformation by ensuring transparency in connection with AI-generated content. As confirmed by our PRC Legal Advisor, since we do not provide AIGC services as of the Latest Practicable Date, these Generative AI Measures are not applicable to the Group. The Company commits to complying with the requirements of the Generative AI Regulation and the Generative AI Measures should the Group offer such services within the PRC in the future.

REGULATIONS ON INTELLIGENT DRIVING SIMULATION AND TESTING INDUSTRY

The “14th Five-Year Plan for the Development of Digital Economy” (《「十四五」數字經濟發展規劃》) issued by the State Council on December 12, 2021 proposed to promote the orderly development of intelligent computing centers, create a new type of intelligent infrastructure that integrates intelligent computing power, general algorithms and development platforms, and provide systematic AI services for key emerging fields such as intelligent driving.

The “14th Five-year Plan for the Development of Modern Integrated Transportation System” (《「十四五」現代綜合交通運輸體系發展規劃》) issued by the State Council on December 9, 2021 proposed to strengthen the forward-looking and strategic technology research reserves in the field of

REGULATORY OVERVIEW

transportation, and strengthen the research and development of technologies in the fields of ICVs, intelligent driving, vehicle-road collaboration, autonomous navigation of ships, and ship-shore collaboration.

The “14th Five-Year Plan for the Development of Digital Transportation” (《數字交通「十四五」發展規劃》) issued by the MOT on October 25, 2021 proposed to promote the construction of automatic driving test bases and pilot applications, and promote the application of automotive wireless communication technology; and promote the study and development of standards for vehicle-road collaboration and automatic driving, and enhance the holistic approach to relevant coordinate communication interfaces and protocols.

Pursuant to the “Management Specification for Road Testing and Demonstration Application of Intelligent Connected Vehicles (for Trial Implementation)” (《智能網聯汽車道路測試與示範應用管理規範（試行）》) issued by the MIIT, the Ministry of Public Security, and the MOT on July 27, 2021, the road test subject shall provide a self-declaration of road test safety of ICVs, which shall be confirmed by the relevant competent authorities of the provincial and municipal governments; and the self-declaration of road test safety accompanied by explanatory materials and other evidentiary materials of simulation test and test area (field) and other specific areas for real vehicles test conducted by the road test subject shall be submitted to the responsible provincial and municipal authorities.

Pursuant to the “Guidelines on Accelerating Scenario Innovation to Promote High-quality Economic Development with High-level Application of Artificial Intelligence” (《關於加快場景創新以人工智慧高水平應用促進經濟高質量發展的指導意見》) issued by the Ministry of Science and Technology, the Ministry of Education, the MIIT, the MOT, the Ministry of Agriculture and Rural Affairs, and the National Health Commission on July 29, 2022, AI infrastructure resources, such as computing power platforms, common technology platforms, industry training datasets, and simulation training platforms, will be encouraged to be shared to provide computing power and algorithmic resources for AI enterprises to carry out scenario innovation; and local governments will be encouraged to reduce the cost of infrastructure use for AI enterprises and enhance the computing power support for AI scenario innovation by means of sharing and opening up, service procurement and innovation vouchers.

Pursuant to the “Guidelines for the Administration of Intelligent Connected Vehicle Manufacturing Enterprises and Product Admission (for Trial Implementation)” (《智能網聯汽車生產企業及產品准入管理指南（試行）》) (draft for comments) issued by the MIIT on April 7, 2021, the test requirements for product admission mean that the ICV products applying for admission shall be subject to the requirements for simulation tests, closed site test, actual road test, vehicle network security test, software upgrade test and data storage test; and the software and hardware environment and tool chain for simulation test, the scenario library for driving automation function verification, as well as the vehicle dynamics, sensors and other models used and their key parameters shall be illustrated.

The “Guidelines on Promoting the Development and Application of Automatic Driving Technology for Road Traffic” (《關於促進道路交通自動駕駛技術發展和應用的指導意見》) issued by the MOT on December 20, 2020 proposed to: (1) perfect test and evaluation methods and test technology systems; (2) carry out theoretical research on automatic driving and vehicle-road collaboration testing, and improve relevant test and evaluation methods and management systems; and (3) encourage the construction of an automatic driving test scenario library, conduct researches on intelligent device testing technology, promote the independent R&D and manufacturing of testing

REGULATORY OVERVIEW

equipment, data analysis software, virtual simulation systems and other testing tool chains, and improve the comprehensive testing and evaluation system that includes scenarios of closed sites, semi-open areas and open roads.

The “Strategy for the Innovative Development of Intelligent Vehicles” (《智能汽車創新發展戰略》) issued by the NDRC, the Office of the CPC Central Committee for Network Security and Informatization, the Ministry of Science and Technology, the MIIT, the Ministry of Public Security, the Ministry of Finance, the MNR, the MOHURD, the MOT, the Ministry of Commerce, and the SAMR on February 10, 2020 pointed out that it will focus on the research and development of virtual simulation, software and hardware combined simulation, real-vehicle road testing and other technologies and validation tools, as well as multi-level testing and evaluation systems; and promote the capacity building of enterprises, third-party technology testing and safety operation testing and evaluation institutions.

Pursuant to the “Management Specification for Road Testing and Pilot Application of Intelligent Connected Vehicles (for Trial Implementation)” (《智能網聯汽車道路測試與示範應用管理規範（試行）》) issued by the MIIT, the Ministry of Public Security, and the MOT on July 27, 2021, relevant competent authorities of the provincial and municipal governments may formulate implementation rules based on actual local situation according to this Specification, and specifically organize and carry out road testing and demonstration application for ICVs.

Pursuant to the “Guidelines of Beijing Municipality on Accelerating Scientific and Technological Innovation to Cultivate New Energy Intelligent Vehicle Industry” (《北京市加快科技創新培育新能源智慧汽車產業的指導意見》) issued by the Beijing Municipal Committee of the CPC and the People’s Government of Beijing Municipality on December 20, 2017, the government will vigorously promote the innovation of new energy intelligent vehicles; and closely integrate with AI and 5G technology, focus on the research and development of intelligent technologies such as environment perception, intelligent decision-making, and integrated control, overcome intelligent network driving technology, and break through key technologies of distributed chassis in terms of configuration design and general layout, simulation analysis, and electrical signal control.

The “Guidelines of Beijing Municipality on Accelerating the Work Related to Road Testing of Automatic Driving Vehicles (for Trial Implementation)” (《北京市關於加快推進自動駕駛車輛道路測試有關工作的指導意見（試行）》) issued by the Beijing Municipal Commission of Transport (BMCT), Beijing Traffic Management Bureau, and the former Beijing Municipal Commission of Economy and Information Technology on August 9, 2018 determined that the responsible subject shall be the domestic legal person applying for the test, established requirements and standards for the testing vehicle, the driver, and the test subject, and formulated the management process of the automatic driving test, as well as the principles for identification of accident liabilities.

REGULATIONS ON NETWORK SECURITY AND DATA PROTECTION

Laws and regulations on data protection

On November 7, 2016, the Standing Committee of the National People’s Congress of the People’s Republic of China (the “**NPC Standing Committee**”) promulgated the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), which entered into force on June 1, 2017. The “Cybersecurity Law” requires network operators to perform certain functions relating to cybersecurity protection and to enhance network information management. For example, network

REGULATORY OVERVIEW

operators shall follow the principles of “legality, legitimacy and necessity” in the collection and use of personal information, disclose the rules for collection and use, make clear the purpose, manner and scope of collection and use of information, and obtain the consent of the person from whom the information is collected. Network operators shall not disclose, distort or damage the personal information they collected, and shall not provide personal information to others without the consent of the person whose information is collected. Except where it has been processed in such a manner that it is impossible to distinguish a particular individual and it cannot be retraced. Network operators shall take technical measures and other necessary measures to ensure the security of the personal information they have collected against the leakage, destruction or loss of information. In the event that leakage, destruction or loss of personal information occurs or is likely to occur, remedies shall be taken immediately, and users shall be informed in a timely manner in accordance with the provisions of the law and reported it to the competent authorities. Where an individual discovers that a network operator has collected or used his/her personal information in violation of the provisions of laws or administrative regulations or the agreement between the two parties, he/she shall have the right to request the network operator to delete his/her personal information; and where he/she discovers that his/her personal information has been collected or stored incorrectly by the network operator, he/she shall have the right to request the network operator to rectify it. The network operator shall take measures to delete or correct related information.

The “Civil Code of the People’s Republic of China” (《中華人民共和國民法典》) (the “**Civil Code**”) issued by the NPC on May 28, 2020 and entered into force on January 1, 2021 provided that the personal information of a natural person shall be protected by law. Any organization or individual that needs to obtain the personal information of others shall obtain it in accordance with the law and ensure the security of the information, and shall not unlawfully collect, use, process or transmit the personal information of others, or unlawfully trade in, provide or disclose the personal information of others. Personal information of a natural person is information recorded electronically or otherwise that can identify a specific natural person, either separately or in combination with other information, including the natural person’s name, date of birth, identity document number, biometric information, address, telephone number, email address, health information, whereabouts, and other information. The processing of personal information shall follow the principles of legality, legitimacy and necessity, shall not be excessive, and shall meet the following conditions: (i) it shall have the consent of the natural person or his/her guardian, except as otherwise provided by laws or administrative regulations; (ii) it shall make public the rules for the processing of information (iii) it shall expressly state the purpose, manner and scope of the processing of the information; and (iv) it shall not be in contravention of the provisions of the laws or administrative regulations or the agreement between the two parties.

The Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was promulgated on June 10, 2021 and entered into force on September 1, 2021. A data classification and grading protection system shall be established based on the importance of data in economic and social development and the degree of harm to national security, public interests, or the legitimate rights and interests of individuals and organizations in the event of tampering, destroy, leakage or illegal obtaining and unlawful use. The National Coordination Mechanism for Data Security coordinates the efforts of the relevant departments to formulate a catalog of important data and strengthen the protection of important data. Data related to national security, lifeblood of the national economy, important people’s livelihoods, and major public interests are national core data, and a stricter management system shall be implemented. Pursuant to the Data Security Law, the State has set up the data security review system, which specifies that data processing

REGULATORY OVERVIEW

activities that affect or may affect national security shall be subject to national security review. State export controls shall be imposed on data related to the safeguarding of national security and interests and the fulfillment of international obligations. In addition, the Data Security Law specifies that processors of important data shall specify the person in charge of data security and the management organization, and implement the responsibility for data security protection, and that such processors shall carry out regular risk assessments of their data processing activities and submit risk assessment reports to the relevant competent authorities. Violations of the Data Security Law may result in warnings, fines, suspension of operations, revocation of permits or business licenses, and/or criminal liability for the entities or individuals concerned. Pursuant to the Data Security Law, the maximum fine imposed for violation of the core data management system or illegal provision of important data outside the country is RMB10 million.

The “Information Security Technology - Personal Information Security Specification” (《信息安全技術—個人信息安全規範》) (GB/T35273-2020) (the “2020 Specification”) issued by the Standards Committee on March 6, 2020 and entered into force on October 1, 2020. 2020 Specification is a national standard for recommendation, which means that the Specification has no legal effect, but it explains and reinforces the provisions of the Cybersecurity Law to a certain extent. Pursuant to the 2020 Specification, an organization or individual that has the ability to determine the purpose or manner of processing personal information (the “**Personal Information**”) shall not force the natural person identified or associated with the personal information (the “**Personal Information Owner**”) to accept the business functions provided by the product or service. If the Personal Information Owner does not explicitly authorize or consent to the use of personal information for specific business functions, the personal information controller shall not require the Personal Information Owner to consent to the collection of personal information solely for the purpose of improving service quality, enhancing security, researching and developing new products, or enhancing the experience of using the product or service.

The Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”) was promulgated by the NPC Standing Committee on August 20, 2021 and entered into force on November 1, 2021. The Personal Information Protection Law specifies that a personal information processor may process personal information under one of the following circumstances: (1) with the consent of the individual; (2) when it is necessary for the conclusion or fulfillment of a contract to which the individual is a party or for the implementation of human resources management in accordance with labor rules and regulations established in accordance with the law or a collective contract concluded in accordance with the law; (3) necessary for the performance of legal duties or obligations; (4) necessary for the response to a public health emergency or for the protection of the life, health, and property of the natural person in case of emergency; (5) within a reasonable range, necessary for the processing of personal information disclosed by individuals themselves or other legally disclosed personal information; (6) to process personal information for the purpose of news reporting, public opinion monitoring, and other acts in the public interest within a reasonable scope; or (7) under other circumstances stipulated by laws and regulations. The Law also imposes obligations on personal information processors. No organization or individual shall unlawfully collect, use, process, or transmit another person’s personal information, or unlawfully trade in, provide, or disclose another person’s personal information; and no organization or individual shall engage in personal information processing activities that jeopardize national security or the public interest. Any personal information processor that violates the provisions and requirements of the Personal Information Protection Law may be subject to penalties such as orders to correct,

REGULATORY OVERVIEW

warnings, fines, suspension of related business, revocation of licenses, etc., and will be included in the relevant credit records in accordance with the law, and in serious cases, may be held criminally liable.

The Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**Regulations on Security Protection**”) was promulgated by the State Council on July 30, 2021 and entered into force on September 1, 2021. Pursuant to the Regulations on Security Protection, critical information infrastructure refers to the critical network facilities and information systems in the public communication and information services, energy, transportation, and other important industries and fields, as well as other critical network facilities and information systems which may seriously endanger national security, national livelihood and public interest once they are damaged or loss functions or their data is leaked. The Regulations on Security Protection makes specific requirements on the responsibilities and obligations of critical information infrastructure operators (the “**Operator**”): (1) the Operator shall establish and improve the network security protection system and responsibility system, and guarantee the investment of human, financial and material resources; (2) the Operator 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 Operator 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 Operator 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 Regulations on Security Protection specifies measures, such as the imposition of fines, to deal with critical information infrastructure operators that fail to fulfill their security protection responsibilities.

On September 24, 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) (the “**Network Data Security Management Regulations**”) was promulgated by the State Council and will become effective as of January 1, 2025. The Network Data Security Management Regulations apply to the network data handling activities conducted within the territory of the PRC and stipulates that if the network data handling activities affect or may affect national security, a national security review must be conducted in accordance with relevant regulations. The Network Data Security Management Regulations restate and further specify the legal requirements for personal information, cross-border transfer of important data and personal information, data handling activities in network platform services and also provides intensified requirements for important data handlers and large-scale Internet platform service providers. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. The Group applies to the Network Data Security Management Regulations since our business operation involves network data handling activities and any failure to comply with the Network Data Security Management Regulations may subject the Group to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. The Group does not process important data, nor is it considered as a large-scale internet platform service provider. During the Track Record Period and up to the Latest Practicable Date, the Group’s business does not involve the cross-border transfer of personal information. The Group’s handling of personal information adheres to the principles of legality, propriety, and necessity. Based on the foregoing, in the opinion of our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Group has complied in all material aspects with the Network Data Security Management Regulations.

REGULATORY OVERVIEW

The Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法（試行）》) (the “**Administrative Measures**”) was issued by the MIIT on December 8, 2022 and entered into force on January 1, 2023. Pursuant to the Administrative Measures, data processors in the field of industry and telecommunications shall be responsible for the security of data processing activities and implement hierarchical protection measures for various types of data. Where different levels of data are processed at the same time and it is difficult to take protection measures separately, the protection shall be implemented in accordance with the requirements of the highest of such levels to ensure that the information remains under effective protection and legal utilization. The Administrative Measures also impose a number of obligations on data processors in the field of industry and telecommunications, which relate to, among other things, the implementation of a data security system, data collection, data storage, data use, data transmission, data provision, data disclosure, data destruction, and emergency response, etc.

The Measures for Security Evaluation for the Transfer of Data to Foreign Countries (《數據出境安全評估辦法》) was promulgated by the Cyberspace Administration of China (the “**CAC**”) on July 7, 2022 and entered into force on September 1, 2022 to further clarify the regulatory mechanism for transfer of data to foreign countries under the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law. The Measures clarifies the provisions and procedures for conducting security evaluation for the transfer of important data or personal information to foreign countries collected and generated within China. The Measures for Standard Contracts for the Transfer of Personal Information to Foreign Countries (《個人信息出境標準合同辦法》) was issued by the CAC on February 22, 2023, which entered into force as of June 1, 2023, clarifying that the personal information processor who carries out personal information transfer activities by way of entering into standard contracts shall comply with certain conditions, and shall file the signed standard contracts with the local provincial-level Internet information department. The Provisions on Promoting and Regulating Cross-border Flow of Data (《促進和規範數據跨境流動規定》) (the “**Promoting Provisions**”) promulgated by the CAC on March 22, 2024 further adjusted the scope, exemption conditions and procedures applicable to the mechanism of security evaluation of data transfer to foreign countries and filing of standard contracts for personal information transfer to foreign countries, and thus China’s regulatory mechanism for data transfer to foreign countries has basically taken shape. Pursuant to the aforesaid measures and regulations, if a data processor provides data to foreign countries and meets one of the following conditions, he/she shall declare the security evaluation of data transfer to foreign countries to the CAC through the local provincial-level Internet information department: (1) the critical information infrastructure operator provides personal information or important data to foreign countries; and (2) a data processor other than the critical information infrastructure operator provides important data to foreign countries, or provides more than 1 million people’s personal information (excluding sensitive personal information) or more than 10,000 people’s sensitive personal information to foreign countries cumulatively from January 1 of the current year, provided that exemptions under Articles 3 to 6 of the Promoting Provisions are met.

In addition to the administrative supervision and civil protection of personal information, pursuant to Article 253 of the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》), and the Circular of the Supreme People’s Court, the Supreme People’s Procuratorate and the Ministry of Public Security on the Punishment of Criminal Activities Infringing on 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》) promulgated on April 23, 2013, and the Interpretation by the Supreme People’s Court and the Supreme People’s

REGULATORY OVERVIEW

Procuratorate of Several Issues Concerning the Application of Laws to the Handling of Criminal Cases of Infringing on 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》) promulgated on May 8, 2017 and entered into force on June 1, 2017, the following acts may constitute crimes of infringement of citizens’ personal information: (1) providing citizens’ personal information to specific persons or publishing citizens’ personal information through information networks or other means, in violation of the relevant state regulations; (2) providing others with lawfully collected information about citizens without their consent, except where the information has been processed in such a way as to make it impossible to identify a specific individual and cannot be recovered; (3) collecting citizens’ personal information in violation of applicable rules and regulations in the performance of duties or the provision of services; or (4) acquiring citizens’ personal information in violation of applicable rules and regulations through purchasing, receiving, or exchanging.

Cybersecurity review

The Measures for Cybersecurity Review (《網絡安全審查辦法》) was jointly promulgated by the CAC and the NDRC on April 13, 2020 and entered into force on June 1, 2020. The Measures set out the basic framework for national security review of network products and services procured by critical information infrastructure operators and specify the main provisions for conducting cybersecurity review. The Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Measures (2021)**”) was promulgated by the CAC on December 28, 2021, which provided that: (1) network platform operators holding personal information of more than one million users shall be subject to cybersecurity review by the Cybersecurity Review Office prior to **[REDACTED]** abroad; (2) critical information infrastructure operators (the “**CIIO**”) procuring network products and services that affect or may affect national security shall be subject to cybersecurity review; and (3) network platform operators carrying out data processing activities that affect or may affect national security shall be subject to cybersecurity review. Measures (2021) entered into force on February 15, 2022 and replaced the Measures on Cybersecurity Review (《網絡安全審查辦法》) promulgated on April 13, 2020. In the opinion of our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Group does not involve any of the above-mentioned situations that require declaration for cybersecurity review before the proposed **[REDACTED]** under the Measures (2021).

Additionally, the Network Data Security Regulations do not stipulate the specifics of cybersecurity reviews but clearly define if the network data processing activities have or may have impacts on national security, such activities shall be subject to national security review in accordance with relevant laws and regulations. However, it provides no further explanation or interpretation as to how to determine what constitutes the aforesaid impacts on national security. The Network Data Security Management Regulations also provide specific requirements for network data handlers in conducting network data handling activities within the territory of the PRC. The Group handles personal information based on the principles of legality, propriety, and necessity and has not been involved in any service, product or data handling activities that might give rise to national security risks based on the factors set out in Article 10 of the Measures (2021) and has not been inquired, investigated, warned or penalized by any PRC authorities in this respect. Based on the foregoing, our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, the likelihood that our business operations and/or the proposed **[REDACTED]** give rise to national security risks which subject us to cybersecurity review under the Measures (2021) and the Network Data Security Management Regulations is relatively low. On November 26, 2025, the Group, with the assistance of PRC legal advisor, has consulted with the China Cybersecurity Review, Certification and

REGULATORY OVERVIEW

Market Regulation Big Data Center (the agency entrusted by the Cybersecurity Review Office to carry out the specific work of cybersecurity review), which confirmed that, (i) the Group is not required to proactively declare for cybersecurity review before this [REDACTED] since it neither holds personal information of more than one million users nor has been identified as a CIIO by any PRC authorities, and (ii) the Group [REDACTED] in Hong Kong did not fall into the category of “[REDACTED] in a foreign country” and that there was no need to take the initiative to declare a cybersecurity review. As of the Latest Practicable Date, no material changes have occurred in (i) the applicable cybersecurity review laws and regulations, (ii) the Group’s proposed Hong Kong [REDACTED] status, or (iii) the validity of the aforementioned advisory opinion. We will continue to closely monitor the future legislations or regulatory changes to ensure compliance with applicable laws and regulations.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

PRC Company Law

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “**Company Law**” or the “**PRC Company Law**”) was promulgated by the NPC Standing Committee on December 29, 1993, entered into force on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and December 29, 2023, respectively, and the Company Law last amended entered into effect on July 1, 2024. Pursuant to the PRC Company Law, companies are generally categorized into limited liability companies and joint stock limited company. The PRC Company Law also applies to foreign-invested enterprises.

Foreign Investment Law

The Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”) was promulgated by the NPC and entered into force on January 1, 2020. Since then, the Law of the People’s Republic of China on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People’s Republic of China on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》) and the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) have been repealed and the Foreign Investment Law has become the foundational law regulating foreign investment enterprises that are wholly or partially invested by foreign investors. The provisions of laws such as the PRC Company Law shall apply to the organizational form, organizational structure and guidelines for activities of foreign-invested enterprises. China implements the management system of pre-establishment national treatment plus Negative List for foreign investment, and has canceled the original approval and filing management system for the establishment and change of foreign-invested enterprises. Pre-establishment national treatment refers to the treatment given to foreign investors and their investments at their pre-admission shall be no less favorable than that given to Chinese investors and their investments; while the Negative List refers to the special administrative measures for foreign investment access implemented according to the requirements of the state with respect of foreign investment in specific industries, and the national treatment will be given to foreign investments outside the Negative List. The currently implemented Negative List is the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (外商投資准入特別管理措施 (負面清單) (2024年版)) (the “**Negative List**”) promulgated by the NDRC and the MOFCOM on December 27, 2021 and entered into force on January 1, 2022. The business of the Group does not involve the areas prohibited or restricted from foreign investment as stipulated in the Negative List.

REGULATORY OVERVIEW

While strengthening investment promotion and protection, the Foreign Investment Law further regulates the administration of foreign investment and proposes to establish a foreign investment information reporting system to replace the existing MOFCOM approval and filing system for foreign investment enterprises. The foreign investment information reporting is governed by the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was jointly formulated and implemented on January 1, 2020 by the MOFCOM and the SAMR. Pursuant to the Measures for the Reporting of Foreign Investment Information, foreign investors conducting investment activities directly or indirectly in the PRC shall submit investment information to the competent commerce authorities through the enterprise registration system and the national enterprise credit information publicity system, which shall include initial report, change of report, cancellation of report, and annual report, etc.

Laws and Regulations on Overseas Investment

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) issued by the MOFCOM on March 16, 2009 and amended on September 6, 2014, the MOFCOM and the provincial commerce authorities have implemented the administration of filing and approval based on the different circumstances of the overseas investment of enterprises, respectively. Where an enterprise’s overseas investment involves sensitive countries and regions or sensitive industries, it shall be subject to examination and approval. Overseas investment of enterprises under other circumstances shall be subject to record.

Pursuant to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》) issued by the NDRC on December 26, 2017 and entered into force on March 1, 2018, enterprises within the territory of the People’s Republic of China (the “Investor”) making overseas investment shall go through the procedures of approval and filing of overseas investment projects, report relevant information and cooperate with supervision and inspection. Sensitive projects conducted by the Investor directly or through overseas enterprises controlled by them shall be subject to approval management; non-sensitive projects directly conducted by the Investor, namely, non-sensitive projects involving the Investor’s direct contribution of assets or rights and interests or provision of financing or security, shall be subject to record management. The above-mentioned sensitive projects include projects involving sensitive countries or regions or sensitive industries. The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) issued by the NDRC entered into effect on March 1, 2018, detailing the specific sensitive industries.

LAWS AND REGULATIONS ON OVERSEAS [REDACTED]

The Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with Law (《關於依法從嚴打擊證券違法活動的意見》) issued by several regulatory authorities in the PRC on July 6, 2021 further emphasized to strengthen cross-border regulatory cooperation, improve relevant laws and regulations on data security, cross-border data flow, and the management of classified information, revise the provisions on the enhancement of the confidentiality and archive management relating to the issuance and [REDACTED] of securities overseas, implement the main responsibility of information security of overseas listed companies, and strengthen the standardized management of cross-border information provision mechanisms and processes.

The Trial Measures for the Administration of Overseas Issuance and [REDACTED] of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures for

REGULATORY OVERVIEW

Administration”) together with five supporting guidelines were promulgated by the CSRC on February 17, 2023 and entered into force on March 31, 2023. Pursuant to the Trial Measures for Administration, a PRC domestic enterprise that directly or indirectly issues or lists its securities in an overseas market, including (1) any PRC joint stock limited company, and (2) any overseas enterprise that principally conducts its business in the PRC and proposes to issue or list its securities in an overseas market on the basis of its domestic equity interests, assets or similar interests, is required to file a report with the CSRC within three business days after it submits an application for overseas [REDACTED]. Where the issuer issues securities in the same overseas market following the Overseas Issuance and [REDACTED], it shall be filed with the CSRC within three working days upon the completion of the issuance. Subsequent [REDACTED] and [REDACTED] of securities by the issuer in other foreign markets shall be filed as [REDACTED]. A PRC domestic enterprise that fails to complete the filing in accordance with the Trial Measures for Administration may be ordered to rectify, warned or fined of RMB1 million to RMB10 million by the CSRC.

In addition, the issuer shall report the following major events to the CSRC within three working days from the date of the occurrence and announcement of the relevant events: (i) change of control; (ii) being investigated or punished by overseas securities regulatory authorities or the relevant competent authorities; (iii) change of [REDACTED] status or sector; (iv) voluntary or forced termination of the [REDACTED]. Where the issuer witnesses significant changes in the main business operations after the overseas issuance and [REDACTED] and they no longer fall within the scope of the filing, the issuer shall, within three working days from the date of the changes, submit a special report plus legal opinions issued by a domestic law firm to the CSRC, explaining the relevant circumstances.

Under the Trial Measures for Administration, domestic companies seeking to offer and list securities directly or indirectly in overseas markets must complete filing procedures with the CSRC and report relevant information. The Trial Measures for Administration stipulates that under any of the following circumstances, no overseas [REDACTED] or [REDACTED] is allowed: (i) financing through [REDACTED] is explicitly prohibited by laws, administrative regulations or relevant provisions of China; (ii) the overseas [REDACTED] and [REDACTED] may endanger national security as determined by the relevant competent department under the State Council after examination according to the law; (iii) a domestic enterprise or its controlling shareholder or actual controller intending to list or issue securities in overseas markets has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the economic order of the socialist market in the last three years; (iv) a domestic company intending to list or issue securities in overseas markets is under investigation according to law for suspected crimes or major violations of laws and regulations, and no clear conclusions have yet been reached; or (v) there is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder and/or the actual controller of a domestic company.

On February 24, 2023, the CSRC and other relevant governmental authorities promulgated the Regulations on Strengthening the Confidentiality and Archives Management Related to the Overseas Issuance and [REDACTED] of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Confidentiality Regulations**”), which entered into force on March 31, 2023. Under the Confidentiality Regulations, domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listed entities, documents and information involving state secrets and the working secrets of state organs to the relevant securities companies, securities service organizations, overseas regulatory bodies and other units and individuals, it shall submit the documents and information to the competent authorities with the power of

REGULATORY OVERVIEW

examination and approval for approval according to law, and report them to the confidentiality administrative authorities at the same level for record. Where a domestic enterprise provides accounting archives or its copies to securities companies, securities service agencies, overseas regulatory agencies and other relevant entities and individuals, the enterprise in question shall perform corresponding procedures in accordance with the provisions of the relevant laws and regulations issued by the State. The working documents that have been produced in the Chinese mainland by securities companies and securities service agencies that provide relevant services for overseas issuance and [REDACTED] of domestic enterprises shall be retained in the Chinese mainland, and those that need to leave the country shall go through the examination and approval procedures in accordance with the provisions of the relevant laws and regulations issued by the State.

Regulations on “Full Circulation” of H-Share

Pursuant to the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-Share Companies (《H股公司境內非上市股份申請「全流通」業務指引》), which was promulgated by the CSRC on November 14, 2019 and entered into force on the same date, and was partially amended on August 10, 2023 according to the Decision of the China Securities Regulatory Commission on Amending and Repeal Certain Securities and Futures System Documents (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》), “full circulation” refers to the circulation of domestic unlisted shares of an H-Share company (including domestic unlisted shares held by domestic Shareholders prior to the overseas [REDACTED], domestic unlisted shares issued after the overseas [REDACTED] and unlisted shares held by holders of overseas shares) on the Hong Kong Stock Exchange. Shareholders of domestic unlisted shares may, under the premise of complying with the relevant laws and regulations and the requirements of the policies on management of state-owned assets, foreign investment, and industry supervision and administration, among others, determine the amount and proportion of shares whose circulation is applied for on their own through consultation, and entrust H-Share companies to apply for “full circulation”. Domestic unlisted shares may not be transferred back to mainland China after being listed and circulated on the Hong Kong Stock Exchange. Shareholders of domestic unlisted shares may reduce or increase their holdings of the shares involved circulating on the Hong Kong Stock Exchange in accordance with the relevant business rules. H-Share companies shall submit a report on the relevant information to the CSRC within 15 days after the completion of the re-registration of the shares involved in the application to CSDC.

The Notice on Issuing the Implementation Rules for the “Full Circulation” of H-Shares (《關於發佈〈H股「全流通」業務實施細則〉的通知》) issued by CSDC and Shenzhen Stock Exchange on December 31, 2019 and entered into force on the same date applies to the relevant businesses involved in the “Full Circulation” of H-Shares, such as cross-border re-registration, custody and maintenance of information on shareholdings, entrusted trading and order routing, settlement, management of clearing participants, and services for nominee holders. H-Share listed companies approved by the CSRC to participate in “full circulation” of H-Shares shall, upon completion of information disclosure, re-register their fully tradable H-Shares with Hong Kong Share registration authorities, free from pledge, freezing, restriction on transfer and other restrictive statuses, and become tradable shares listed on the Hong Kong Stock Exchange. The relevant securities shall be centrally deposited with CSDC in the PRC. CSDC, as the nominee holder for the said securities, shall be responsible for the depository, maintenance of information on shareholdings, cross-border clearing and settlement and other businesses involved in the “full circulation” of H-Shares, as well as the provision of nominee services to investors. H-Share listed companies shall obtain authorization from investors to select a domestic securities company to participate in the “full circulation” of H-Shares. Investors submit transaction

REGULATORY OVERVIEW

instructions for “full circulation” of H-Shares through domestic securities companies. The domestic securities company shall select a Hong Kong securities company through which the investor’s transaction instructions will be reported to the Hong Kong Stock Exchange for trading. Upon completion of the transaction, CSDC and China Securities Depository and Clearing (Hong Kong) Limited shall handle the cross-border clearing and settlement of the relevant shares and funds. The settlement currency for the H-Share “full circulation” trading business is Hong Kong dollars. H-Share listed companies entrusting CSDC with the payment of cash dividends shall submit an application to CSDC. When distributing the Cash Dividend, H-Share listed companies may obtain from CSDC detailed information on the Cash Dividend shares held by the relevant investors on the Share registration date. Where an investor acquires “fully tradable” non-H-Shares listed on the Hong Kong Stock Exchange as a result of an equity distribution or conversion of fully circulated H-Shares, the investor may sell but may not purchase the relevant securities; and where an investor acquires subscription rights to shares listed on the Hong Kong Stock Exchange and such rights are listed on the Hong Kong Stock Exchange, the investor may sell but may not exercise such rights.

The Notice on Issuing the Business Guidance for “Full Circulation” of H-Shares (《關於發佈〈H股「全流通」業務指南〉的通知》) issued by CSDC on February 2, 2020 and entered into force on the same date stipulates the business preparation, account arrangement, cross-border Share transfer registration and centralized overseas custody. China Securities Depository and Clearing (Hong Kong) Limited also promulgated the CSDC Business Guidelines for “Full Circulation” of H-Shares (《中國證券登記結算有限公司H股「全流通」業務指南》), which stipulates the relevant custody, safekeeping, agency services, clearing and settlement arrangements and other related matters of China Securities Depository and Clearing (Hong Kong) Limited.

REGULATION ON PRODUCT LIABILITY

Pursuant to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) promulgated by the NPC Standing Committee on February 22, 1993 and last amended on December 28, 2018, the seller shall be responsible for repairing, replacing, or returning the product sold under any of the following circumstances: (1) the product does not have the necessary usability and is sold without prior explanation; (2) the product does not meet the standard indicated on the product or its packaging; or (3) the product does not comply with the quality condition indicated by way of product description, physical samples, or other means. If a consumer suffers damage as a result of purchasing a product, the seller shall compensate for the damage.

Pursuant to the Civil Code, where a defect of a product is discovered after the product is put into circulation, the manufacturer or seller shall take remedial measures such as issuing product warnings, warnings, or summonses and recalling the product in a timely manner. Where damage is caused by a defective product or failure to take timely remedial actions, the infringed party may seek compensation from the manufacturer or seller of such product. Where the defect is caused by the seller, the manufacturer has the right to recover from the seller for damages to the victim. Where the product produced or sold has a known defect that causes death or serious adverse physical harm, the infringed party is entitled to punitive damages in addition to damages.

LAWS AND REGULATIONS ON ANTI-UNFAIR COMPETITION

Anti-monopoly Law

Pursuant to the Anti-monopoly Law of the People’s Republic of China (《中華人民共和國反壟斷法》) (the “**Anti-monopoly Law**”), which was promulgated by the NPC Standing Committee on

REGULATORY OVERVIEW

August 30, 2007 and entered into force on August 1, 2008, and was amended on June 24, 2022 and entered into force on August 1, 2022, the Anti-monopoly Law applies to monopolistic conducts in economic activities within Chinese territory as well as monopolistic conducts outside China, which have the effect of excluding or restricting competition in the domestic market. Monopolistic conducts under the Anti-monopoly Law include monopoly agreements reached by operators, abuse of dominant market position by operators, and concentration of operators that has or may have the effect of excluding or restricting competition. The antimonopoly enforcement agency of the State Council may, pursuant to the provisions of the Anti-monopoly Law and based on its work needs, authorize the corresponding agency of the people’s government of a province, autonomous region or municipality directly under the Central Government to be responsible for enforcement of the Anti-monopoly Law. Operators violating the Anti-monopoly Law may be ordered by the enforcement agency to stop the illegal acts and be subject to fines or other restrictive measures.

Anti-unfair Competition Law

Pursuant to the Anti-unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) (the “**Anti-unfair Competition Law**”) promulgated by the NPC Standing Committee on September 2, 1993 and last amended on April 23, 2019, operators shall follow the principles of voluntariness, equality, fairness and good faith in the course of their production and business operations, and shall abide by the laws and business ethics. Pursuant to the Anti-unfair Competition Law, unfair competition refers to the behavior of an operator who violates the Unfair Competition Law in production and operation, disrupting the order of market competition and harming the legitimate rights and interests of other operators or consumers. Operators who violate the Unfair Competition Law shall be subject to corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

LAWS AND REGULATIONS ON IP

Patent

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) (the “**Patent Law**”) was amended by the NPC Standing Committee on October 17, 2020 and entered into force on June 1, 2021. Pursuant to the Patent Law, after the grant of the patent right for an invention or an utility model, except as otherwise provided for in the Patent Law, no entity or individual may, without the permission of the patentee, exploit its patent, that is, manufacture, use, offer to sell, sell or import its patented products for production or business purposes, or use its patented methods thereof, or use, offer to sell, sell or import the products obtained directly in accordance with the patented process. After the grant of a design patent, no entity or individual may, without the permission of the patentee, exploit the patent, that is, manufacture, offer to sell, sell or import the product with the patent design for production or business purposes. Any use of a patent without the permission of the patent owner constitutes an infringement of the patent right. Where a dispute arises, it shall be settled by the parties through consultation; where consultation is unwilling or fails, the patentee or an interested party may bring a suit before a people’s court or request the administrative department for patent affairs to handle the matter. The amount of compensation for infringement of a patent right shall be determined in accordance with the actual loss suffered by the right holder as a result of the infringement or the benefit obtained by the infringer as a result of the infringement; where it is difficult to determine the loss suffered by the right holder or the benefit obtained by the infringer, the amount shall be reasonably determined by reference to the multiple of the license fee of the patent. Where the infringement of a patent right is intentional and serious, the amount of compensation may be between double and five times the amount determined in accordance with the above method.

REGULATORY OVERVIEW

Pursuant to the Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), which was amended by the State Council on December 11, 2023 and entered into force on January 20, 2024, where the entity to which a patent right has been granted has not agreed with the inventor or the designer, and has not stipulated the manner and amount of the reward in the rules and regulations formulated by the entity in accordance with the law, a bonus shall be paid to the inventor or the designer within three months from the date of the announcement of the patent right. The minimum bonus for an invention patent shall be not less than RMB4,000; and the bonus for a utility model patent or design patent shall be not less than RMB1,500.

Trademark

Pursuant to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) (the “**Trademark Law**”), which was amended by the NPC Standing Committee on April 23, 2019 and entered into force on November 1, 2019, the validity period of a registered trademark is ten years from the date of approval of registration. The trademark registrant enjoys the exclusive right to use the trademark. Any dispute arising from any of the acts of infringing a registered trademark listed in Article 57 of the Trademark Law shall be settled by the parties through consultation; where consultation is unwilling or fails, the trademark registrant or interested party may bring a suit before a people’s court or request the industrial and commercial administrative department to handle the matter. The amount of compensation for infringement of the right to exclusively use a trademark shall be determined in accordance with the actual loss suffered by the right holder as a result of the infringement; where the actual loss is difficult to determine, it may be determined in accordance with the benefit obtained by the infringer as a result of the infringement; and where it is difficult to determine the loss of the right holder or the benefit obtained by the infringer, it shall be reasonably determined by reference to the multiple of the license fee of the trademark. Where the infringement of the right to exclusively use a trademark is malicious and serious, the amount of compensation may be between double and five times the amount determined in accordance with the above method. The amount of compensation shall include the reasonable expenses paid by the right holder to stop the infringement.

Copyright

Copyright (including software copyright) is primarily protected by the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), which was promulgated by the NPC Standing Committee on September 7, 1990 and last amended on November 11, 2020, as well as the Regulations for Implementation of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013. The relevant laws and regulations provide that Chinese citizens, legal persons or other organizations enjoy copyright protection for their works in the fields of literature, art and science, whether published or not.

In addition, Internet activities, products and software products distributed through the Internet are also subject to copyright. Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the People’s Republic of China (the “**NCA**”) on February 20, 2002, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, the NCA shall be primarily responsible for the registration and management of software copyrights in China, and the China Copyright Protection

REGULATORY OVERVIEW

Center (the “CCPC”) is recognized as the software registry. The CCPC shall issue registration certificates to applicants for computer software copyright in accordance with the Measures for Registration of Computer Software Copyright and the Regulations on the Protection of Computer Software.

Function variable name

Pursuant to the Measures for the Administration of Internet Function Variable Names (《互聯網功能變數名稱管理辦法》) promulgated by the MIIT on August 24, 2017 and entered into force on November 1, 2017, the MIIT shall be responsible for the supervision and administration of function variable name services in China. Provincial-level communications administrations shall be responsible for the supervision and management of function variable name services within their respective administrative areas. The function variable name registration service shall be conducted following the principle of “apply first, register first”. Where function variable name registration organizations providing function variable name registration services, function variable name registration applicants shall be required to provide true, accurate and complete identity information of function variable name holders and other function variable name registration-related information.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

The principal law governing the conversion of foreign currencies in the PRC is the Regulations on Foreign Exchange Control of the People’s Republic of China (《中華人民共和國外匯管理條例》) (the “**Regulations on Foreign Exchange Control**”), which was promulgated by the State Council on January 29, 1996, entered into force on April 1, 1996 and last amended on August 1, 2008. Pursuant to the Regulations on Foreign Exchange Control, RMB is generally freely convertible for payment of the current account (e.g., trade- and service-related foreign exchange transactions and dividend payments), but not freely convertible for the capital account (e.g., direct investment, loans or investment in securities outside the PRC) unless prior approval is obtained from the SAFE or its local competent branch.

Pursuant to the Notice on Issues Related to Foreign Exchange Administration for Overseas [REDACTED] (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, a domestic enterprise shall, within 15 business days from the date of the completion of its overseas [REDACTED], register the overseas [REDACTED] with the local branch office of SAFE in its place of incorporation.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policy on Settlement Management of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), the foreign exchange earnings under the capital account of domestic institutions are subject to the policy of discretionary settlement. The foreign exchange earnings under the capital account (including foreign exchange capital, foreign debt, and repatriated funds raised through overseas [REDACTED]) that are subject to discretionary settlement as clearly defined by relevant policies can be settled with banks based on the actual needs of the business operation of domestic institutions. The proportion of foreign exchange earnings under the capital account subject to discretionary settlement of domestic institutions is tentatively set at 100%. The SAFE may adjust the above proportion according to the international balance of payments status in due course. In the implementation of the foreign exchange income under capital account that domestic institutions intend to settle, domestic institutions may still choose to use their foreign exchange income in accordance with the payment settlement system. When handling each foreign exchange settlement in accordance

REGULATORY OVERVIEW

with the principle of payment and settlement, the bank shall examine the authenticity and compliance of the funds used in the previous foreign exchange settlement (including discretionary settlement and payment settlement) of the domestic institution. The foreign exchange earnings of the domestic institution under the capital account and the RMB funds derived from its foreign exchange settlement shall not be used directly or indirectly for expenditures outside the scope of the enterprise’s operation or for expenditures prohibited by national laws and regulations. Unless otherwise specified, the funds shall not be used directly or indirectly for investment in securities or other investment or wealth management other than capital preservation products of banks. Funds shall not be used to grant loans to non-affiliated enterprises, except those expressly permitted by the scope of business. Funds shall not be used for the construction or purchase of real estate other than for self-owned use (except for real estate enterprises).

Pursuant to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management to support Foreign-related Business Development (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated by the SAFE on April 10, 2020, on the premise of ensuring that the use of funds is truly compliant and in accordance with the current management regulations on the use of income from capital accounts, eligible enterprises are allowed to make domestic payments through the use of income under the capital account (such as their capital funds, foreign debts and overseas [REDACTED]) without the need to provide banks with prior proof of the authenticity one by one. Local foreign exchange authorities shall strengthen monitoring and analysis, as well as supervision during and after the transaction.

LAWS AND REGULATIONS ON TAX

Income tax

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), which was promulgated by the NPC Standing Committee on March 16, 2007, entered into force on January 1, 2008 and was last amended on December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on December 6, 2007, entered into force on January 1, 2008 and was amended on April 23, 2019, all PRC enterprises (including foreign-invested enterprises) are subject to a flat tax rate of 25%, except that high-tech enterprises specified by the State are subject to a reduced enterprise income tax rate of 15%, and qualified small and micro enterprises are subject to a reduced enterprise income tax rate of 20%.

Enterprises recognized as high-tech enterprises under the Measures for the Administration of Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to a preferential enterprise income tax rate of 15%. The qualification of high-tech enterprise is valid for a period of three years from the date of issuance of the high-tech enterprise certificate.

Pursuant to the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) promulgated by the Ministry of Finance of the People’s Republic of China (the “MOF”), the SAT, the NDRC and the MIIT on December 11, 2020 and entered into force on January 1, 2021, qualified integrated circuit design, equipment, materials, packaging and testing enterprises and software enterprises shall, from the profit-making year, be exempted from enterprise income tax from the first to the second year and be subject to enterprise income tax at half of the statutory rate of 25% from the third to the fifth year (i.e., 12.5%). Key Integrated Circuit Design

REGULATORY OVERVIEW

Enterprises and Software Enterprises Encouraged by the State, from the profit-making year, be exempted from enterprise income tax from the first to the fifth year and be subject to enterprise income tax at a reduced rate of 10% in successive years.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Tax Reduction and Exemption Policies for Small and Micro Enterprises (《財政部、國家稅務總局關於實施小微企業普惠性稅收減免政策的通知》), during the period from January 1, 2019 to December 31, 2021, the annual taxable income of SMEs of not more than RMB1 million shall be included in their taxable income at a reduced rate of 25%, with the applicable EIT rate of 20%. Pursuant to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) and the Announcement on Matters Relating to the Implementation of the State Administration of Taxation’s Preferential Income Tax Policies for Supporting the Development of Small-Sized Enterprise with Thin Profit and Individual Businesses (《國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告》), during the period from January 1, 2021 to December 31, 2022, the annual taxable income of SMEs of not more than RMB1 million shall be included in their taxable income at a reduced rate of 12.5%, with the applicable EIT rate of 20%. Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs (《財政部、國家稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》) and the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Entrepreneurs (《財政部、稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), during the period from January 1, 2023 to December 31, 2027, the annual taxable income of SMEs of not more than RMB1 million shall be included in the taxable income at a reduced rate of 25%, with the tax rate of 20%.

Value-Added Tax (“VAT”)

Pursuant to the Provisional Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993, entered into force on January 1, 1994, and last amended on November 19, 2017, and the Rules on the Implementation of the Provisional Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated on December 25, 1993 and entered into force on the same date, and last amended on October 28, 2011 and entered into force on November 1, 2011, entities and individuals that engage in sale of goods or processing, repair and replacement services (“**labor services**”), sales services, intangible assets, real estate and imported goods within the territory of the PRC shall be VAT taxpayers and shall pay VAT in accordance with the Regulations. Taxpayers providing sales of goods, labor services, and tangible personal property leasing services or import of goods shall be subject to a tax rate of 17%, unless otherwise specified. Taxpayers providing transportation, postal services, basic telecommunications, construction and real estate leasing services, sales of real estate, transfer of land use rights, sale or import of certain goods shall be subject to a tax rate of 11%. Taxpayers providing sales of services or intangible assets shall be subject to a tax rate of 6%, except as otherwise specified. Taxpayers exporting goods are subject to a tax rate of zero percent; except as otherwise provided by the State Council. Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on the Adjustment of Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated on April 4, 2018 and entered into force on May 1, 2018, the tax rate for the taxable sales or import of goods by the taxpayers would be changed from 17% and 11% to 16% and 10%, respectively. Pursuant to the

REGULATORY OVERVIEW

Announcement on Relevant Policies on Deepening Value-added Tax Reform, which was promulgated by the MOF, the SAT and the General Administration of Customs of the People’s Republic of China (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 and entered into force on April 1, 2019, the value-added tax rates were adjusted to 13% and 9%, respectively.

In addition, pursuant to the Announcement on the Clarification of the VAT Exemption Policy for Small-scale VAT Payers (《關於明確增值稅小規模納稅人免徵增值稅政策的公告》), which was promulgated by the MOF and the SAT on March 31, 2021, from April 1, 2021 to December 31, 2022, small-scale VAT payers with monthly sales of less than RMB150,000, inclusive, are exempted from VAT. Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value-added Tax for Small-scale Taxpayers (《財政部、稅務總局關於對增值稅小規模納稅人免徵增值稅的公告》), from April 1, 2022 to December 31, 2022, small-scale VAT payers shall be exempted from VAT if the revenue from taxable sales is subject to a 3% levy rate, and the prepayment of VAT applicable to the 3% pre-tax rate shall be suspended. Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on Clarifying the VAT Reduction and Exemption Policy for Small-scale Taxpayers (《財政部、稅務總局關於明確增值稅小規模納稅人減免增值稅等政策的公告》) and the Announcement of the Ministry of Finance and the State Administration of Taxation on VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers (《財政部、稅務總局關於增值稅小規模納稅人減免增值稅政策的公告》), from January 1, 2023 to December 31, 2027, small-scale VAT payers with monthly sales of less than RMB100,000, inclusive, are exempted from VAT. Small-scale VAT payers shall be subject to a reduced VAT rate of 1% on taxable sales revenue subject to a 3% levy rate and a reduced VAT prepayment rate of 1% on prepaid VAT projects subject to a 3% prepayment rate.

LAWS AND REGULATIONS ON LABOR AND SOCIAL SECURITY

The Labor Law and the Labor Contract Law

Pursuant to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which entered into force on January 1, 1995 and was amended on December 29, 2018, and the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”), which entered into force on January 1, 2008 and was amended on December 28, 2012, a labor contract shall be concluded and entered by and between an employer and an employee to establish a labor relationship. The labor contract can be divided into fixed-term labor contract, unfixed-term labor contract, and labor contract for completing certain tasks, which shall be concluded in writing after consensus. The salaries paid shall not be lower than the local standards on minimum salaries. The employer and the employee shall fully perform their obligations in accordance with the employment contract.

Under the Labor Contract Law, the employ of temporary employees (known in China as “dispatched workers”) is more strictly regulated. Dispatched workers enjoy the right to equal pay for equal work as full-time employees. Employers are only allowed to use dispatched workers in temporary, supporting or alternative positions. Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) issued by the Ministry of Human Resources and Social Security, which entered into force on March 1, 2014, the number of dispatched workers recruited by an employer may not exceed 10% of the total number of workers employed by the employer. In the event of failure to rectify the situation, the employer may be imposed a fine of not less than RMB5,000 and not more than RMB10,000 for each dispatched worker for exceeding the 10% standard.

REGULATORY OVERVIEW

Social insurance and housing provident fund

Pursuant to Chinese laws, rules and regulations, including the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) promulgated by the NPC Standing Committee in October 2010, entered into force in July 2011 and amended in December 2018, the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated in January 1999 and amended in March 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》) promulgated by the State Council of the PRC in April 2003 and amended in December 2010, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated by the State Council of the PRC in January 1999, as well as the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (the “**Housing Provident Fund Regulations**”) issued by the State Council of the PRC in April 1999 and last amended in March 2019, employers shall pay a number of social insurance premiums for their employees and implement certain employee benefit programs, including basic pension, unemployment insurance, basic medical insurance, work injury insurance, maternity insurance and housing provident fund. These expenses shall be payable to local administrative authorities, and an employer who fails to pay such expenses may be fined and ordered to make up the amount in arrears. Pursuant to the Social Insurance Law, an employer who fails to pay social insurance premiums may be ordered to rectify the irregularities and pay the required amount within a specified period of time, with a late payment of 0.05% of the unpaid premium on a daily basis (subject to availability); and if the employer fails to pay the premiums by the due date, the employer may be fined not less than twice but not more than three times the amount in arrears. Under the Housing Provident Fund Regulations, an enterprise that fails to contribute to the housing provident fund may be ordered to rectify its irregularities and pay the required amount within a time limit; otherwise, enforcement may be applied to the local court.

On July 31, 2025, the PRC Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which took effect on September 1, 2025. Article 19(1) there to stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People’s Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Laws and Regulations on House Leasing

Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by the MOHURD on December 1, 2010 and entered into force on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the central government, cities and counties where the leased property is located within 30 days after the lease is executed. If a party to a housing lease fails to register the housing lease for the record, the competent construction (real estate) departments of the municipalities directly under the central government, cities or counties

REGULATORY OVERVIEW

shall order the party to make corrections within a prescribed time limit; and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on entities which fail to rectify within the specified time limit.

In addition, housing may not be leased under any of the following circumstances: (1) it is an illegal building; (2) it does not meet the mandatory standards for safety, disaster prevention and other engineering construction; (3) it changes the nature of the use of the housing in violation of the regulations; or (4) it is prohibited from being leased under other circumstances prescribed by laws and regulations. Any person who violates the above provisions shall be ordered by the competent construction (real estate) departments of the municipalities directly under the central government, cities or counties to make corrections within a prescribed time limit; and may be fined not more than RMB5,000 where there is no illegal gains, and may be imposed a fine between double and three times the amount of the illegal gains (but shall be subject to a fine not more than RMB30,000).

Pursuant to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), a lessee may sublease the leased property to a third party with the consent of the lessor. Where the lessee subleases the property, the leasing contract between the lessee and the lessor remains valid. Where the lessee subleases the property without the lessor’s consent, the lessor has the right to terminate the leasing contract. In addition, where the lessor assigns the property, the leasing between the lessee and the lessor remains valid. Where the mortgaged property has been leased or its ownership transferred before the creation of the mortgage, the previously established leasing shall not be affected by the mortgage.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are a digital twin technology company in China. We have invested heavily in and developed core competencies in technology around three major areas: 3D graphics, simulation, and AI. We aim to provide eco-partners including enterprises, consumers and developers with solutions to access and build digital twins and work together with them to create “Digital Twin Earth” which will in the end enhance the efficiency, safety, and quality of the real world as well as provide people with new perspectives and technologies to understand and improve our world. We refer to this initiative as our Earth Clone Project^{Note}.

The predecessor of our Company, Host Mobile Green Land Internet Technology (Beijing) Co., Ltd. (當家移動綠色置地互聯網技術（北京）有限公司) (“**Host Mobile**”) was established on February 16, 2015. On November 20, 2020, the shareholders of Host Mobile passed a shareholders’ resolution, pursuant to which Host Mobile was converted into a joint stock limited liability company and renamed to Beijing 51WORLD Digital Twin Technology Co., Ltd. (北京五一視界數字孿生科技股份有限公司) on December 1, 2020.

KEY MILESTONES

The following is a summary of our key development milestones:

Year	Event
2015	The predecessor of our Company, Host Mobile, was established and we launched the application of VR technology in the real estate industry. We launched 51Aes. We completed our Series A financing.
2016	We expanded the application of VR technology in innovative businesses such as education and vehicles. We completed our Series A+ financing.
2017	We held our first Earth Clone Conference ^{Note} and initiated the Earth Clone Project. We launched 51Sim and entered the field of intelligent driving simulation. We completed our Series B financing and our Series B1 financing.
2018	We held our second Earth Clone Conference. We scaled-up R&D for SimOne, our first product of 51Sim.
2019	We held our third Earth Clone Conference and rebranded ourselves to 51WORLD. We launched SimOne 1.0.
2020	Host Mobile was converted into a joint stock limited liability company and renamed to Beijing 51WORLD Digital Twin Technology Co., Ltd. (北京五一視界數字孿生科技股份有限公司). We held our fourth Earth Clone Conference and launched our WDP platform. We completed our Series C financing and our Series D financing.
2021	We launched SimOne 2.0, the first domestic commercialised intelligent driving cloud simulation product.
2022	We held our fifth Earth Clone Conference in Metaverse. We upgraded the major grading standards and application standards of our 51Aes Digital Twin Platform.

Note:

For the avoidance of doubt, the terms “Earth Clone Project” and “Earth Clone Conference” are project and conference names only and the word “clone” in such context refers to creating a digital imitation or representation of Earth’s features and does not imply full accuracy replication or that we have created a complete digital copy of the entire Earth.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Event
	We participated in the Digital Twin of Xiaolangdi, a project focused on flood prevention management and engineering safety. We completed our Series E financing.
2023	We held our sixth Earth Clone Conference and established the digital twin information technology innovation ecosystem alliance. We built the data-driven closed-loop ecosystem with 51Sim. We were recognized as an Innovative and Outstanding “Small Giant” Enterprise (國家級專精特新“小巨人”企業).
2024	We launched 51Earth.com which is fully accessible to end-users free-of-charge. We completed our Series F financing.

OUR PRINCIPAL SUBSIDIARIES

The following table sets forth certain information of each of our principal subsidiaries as of the Latest Practicable Date.

Name	Principal business activities	Shareholding controlled by our Company	Date and jurisdiction of establishment and commencement of business
Mirrorverse Asset Management (Beijing) Co., Ltd. (萬物鏡像資產管理(北京)有限公司)	Investment holding	100%	March 18, 2015, PRC
Mirrorverse Technology (Chengdu) Co., Ltd.* (萬物鏡像科技(成都)有限公司)	Provision of 51 Earth products	100%	January 15, 2018, PRC
Mirrorverse (Shanghai) Technology Co., Ltd.* (萬物鏡像(上海)科技有限公司)	Provision of 51Aes services	100%	August 26, 2020, PRC
Beijing Mirrorverse Data Service Co., Ltd.* (北京萬物鏡像數據服務有限公司)	Provision of 51Earth services	60%	April 3, 2015, PRC
51Earth Cloning Technology (Beijing) Co., Limited* (五一地球克隆科技 (北京) 有限公司)	Provision of 51Earth services	100%	June 1, 2015, PRC
Beijing 51Sim Technology Co., Ltd.* (萬物鏡像(北京)計算機系統有限公司)	Provision of 51Sim services	88.7954%	June 1, 2015, PRC
51WORLD High Technology (HK) Co., Limited (地球克隆科技(香港)有限公司)	Provision of 51Aes services	100%	April 16, 2020, Hong Kong
51VR PTY LTD	Provision of 51Aes services	100%	October 4, 2016, Australia
51 EARTH INC	Provision of 51Earth services	100%	May 10, 2024, U.S.
Guangxi Mirrorverse Technology Co., Ltd.* (廣西萬物鏡像科技有限公司)	Provision of 51Aes services	60%	January 15, 2025, PRC
Chengdu Sanjian World Software Technology Co., Ltd.* (成都三見世界軟件科技有限公司)	Provision of See3 services	51%	November 11, 2024, PRC

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

For the alterations in the share capital of our subsidiaries that have taken place within the two years immediately preceding the date of this document and which are not set out below, see “Appendix VI—Statutory and General Information—1. Further Information about Our Group—C. Further Information about Our Principal Subsidiaries”.

MAJOR CORPORATE DEVELOPMENT OF OUR GROUP

Establishment of our Company

Our founder, Mr. Li, joined Modern Land Group in 2008 after obtaining his bachelor’s degree in engineering cost from Chongqing University (重慶大學) in June 2008, and served in various positions within the Modern Land Group. See “Directors, Supervisors and Senior Management—Directors—Executive Directors.” During Mr. Li’s tenure as a general manager of First Moma Asset Management (Beijing) Co., Ltd.* (第一摩碼資產管理(北京)有限公司) (“**First Moma Asset Management**”), he conducted a business study visit in the United States and came up with the idea of combining the real estate business of the Modern Land Group with the Internet to extend project channels. After discussing this idea with the management of the Modern Land Group and First Moma Asset Management, the Modern Land Group decided to internally incubate the project. On October 22, 2014, Modern Land established Host Mobile Internet Green Real Estate Co., Limited (當家移動互聯網綠色置業有限公司) (“**Host Mobile Cayman**”) through Modern Land’s wholly-owned subsidiaries.

On May 28, 2014, Modern Land established Host Mobile Internet Green Real Estate (Hong Kong) Co., Ltd. (“**Host Mobile HK**”), a company incorporated in Hong Kong with limited liability and wholly-owned by Modern Land. On December 18, 2014, Modern Land transferred the entire issued shares of Host Mobile HK to China Host Mobile Internet Green Real Estate Co., Limited (“**Host Mobile BVI**”), a wholly-owned subsidiary of Modern Mobile Internet Green Real Estate Co., Limited (“**Modern Mobile**”), at a nominal consideration of HK\$1.

On February 16, 2015, the predecessor of our Company, Host Mobile, was established as a limited liability company in the PRC with an initial registered capital of RMB10,000,000 as a wholly-owned subsidiary of Host Mobile HK, funded by the Modern Land Group as a support to the incubation of the project. Our Company was initially established as a wholly foreign-owned enterprise in order to prepare for the purpose of accepting foreign investment.

On March 9, 2015, Host Mobile BVI transferred the entire issued share of Host Mobile HK to Host Mobile Cayman at a nominal consideration of HK\$1.

At the time when our Company was still an internal project of the Modern Land Group, certain employees of the Modern Land Group were invited to make follow-on investments onto our Group. In particular, Chuk Nam Investments Limited (卓楠投資有限公司) (“**Chuk Nam**”), then wholly-owned by Xue Muyuan (薛慕原) (“**Mr. Xue**”) who was a then-employee of our Group and an Independent Third Party, Red Maple Trading Limited and Creative Brain International Limited invested in Host Mobile Cayman as follow-on investors.

Spin-off from the Modern Land Group

In April 2015, Modern Land transferred its interest in Host Mobile Cayman to Modern Green Land Co., Limited (“**Modern Green Land**”), a wholly-owned subsidiary of Modern Investment Group

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Co., Ltd.,* (當代投資集團有限公司) which was controlled by Mr. Zhang Lei (張雷), at a consideration of RMB1 million (equivalent to approximately US\$136,000), determined with reference to arms’ length negotiation between the parties. Thereafter, Host Mobile Cayman ceased to be accounted as a subsidiary of Modern Land. At the time of formulating the corporate structure of our Group under Host Mobile Cayman, there was an urgent need to formulate such structure so as to accept foreign investment (which later became our Series A pre- [REDACTED] Investment). Hence, Modern Land Group assisted in the formulation of the structure by providing shell companies with no business substance to shorten the time required for relevant incorporation and regulatory approval in the PRC. After completion of the reorganization, the Modern Land Group ceased to hold any interest in our Company.

As of the Latest Practicable Date, save for Zhang Peng (張鵬), an executive director and the chairman of the board of directors of Modern Land, being one of our Pre-[REDACTED] Investors, there is no current relationship between Modern Land and our Company, our Directors and our Shareholders.

On July 6, 2015, Modern Green Land transferred its interest in Host Mobile Cayman, held through its wholly-owned subsidiaries, namely Modern Mobile Internet Green Real Estate (China) Co., Limited (“**Modern Mobile (China)**”) and Modern Mobile Internet Green Real Estate Co., Limited (“**Modern Mobile**”), to Mr. Xue and Mr. Li, respectively, at an aggregate consideration of US\$100,000 which was determined with reference to the registered share capital of Host Mobile Cayman and the fact that both Mr. Xue and Mr. Li were key persons of our Group at that time and hence a discount had been applied as compared to the original purchase cost paid by Modern Green Land.

On July 10, 2015, Host Mobile Cayman repurchased and cancelled ordinary shares of Host Mobile Cayman held by each of Modern Mobile (China) and Modern Mobile. On August 4, 2015, Host Mobile Cayman passed a board resolution, pursuant to which Host Mobile Cayman shall issue and allot an aggregate of 400,000 ordinary shares to seven entities at an aggregate consideration of US\$4, with reference to the authorized share capital of Host Mobile Cayman. Following the completion of the repurchase, issue and allotment of shares, the shareholding structure of Host Mobile Cayman was as follows:

Name of shareholder	Number of ordinary shares	Shareholding percentage
Modern Mobile (China)	600,000	60.00%
Modern Mobile	42,800	4.28%
Glorious Traditions Co., Limited ⁽¹⁾	166,700	16.67%
Zhou Ming Development Limited ⁽²⁾	47,600	4.76%
Honest Peak Limited ⁽³⁾	35,700	3.57%
Capital International Institution Limited ⁽⁴⁾	25,000	2.50%
Zhi Shing Management Limited ⁽⁵⁾	16,300	1.63%
Red Maple Trading Limited ⁽⁶⁾	47,000	4.70%
Creative Brain International Limited ⁽⁶⁾	18,900	1.89%
	1,000,000	100.00%

Notes:

- (1) Glorious Traditions Co., Limited is a company incorporated in the British Virgin Islands with limited liability and, to the best knowledge of our Directors, was wholly-owned by Zhang Lei (張雷), an Independent Third Party.
- (2) Zhou Ming Development Limited is a company incorporated in the British Virgin Islands with limited liability and, to the best knowledge of our Directors, was wholly-owned by Zhang Peng (張鵬), an Independent Third Party.
- (3) Honest Peak Limited is a company incorporated in the British Virgin Islands with limited liability and, to the best knowledge of our Directors, was wholly-owned by Qiao Tingfu (喬廷夫), an ex-employee of our Group and Independent Third Party.
- (4) Capital International Institution Limited is a company incorporated in the British Virgin Islands with limited liability and, to the best knowledge of our Directors, was wholly-owned by Ke Jin (柯謹), an ex-employee of our Group and Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (5) Zhi Shing Management Limited is a company incorporated in the British Virgin Islands with limited liability and, to the best knowledge of our Directors, was wholly-owned by Lyu Xiaotong. For further details on Lyu Xiaotong, see “—Pre-[REDACTED] Investments—Our other Pre-[REDACTED] Investors.”
- (6) Red Maple Trading Limited and Creative Brain International Limited were employee co-investing platforms of the Modern Land Group owned by 32 then officers and 11 employees of Modern Land Group, respectively. Following the termination of the former contractual arrangements, the two entities acquired our Shares through Tianjin Mingzhi Management Consulting Partnership (Limited Partnership)* (天津明智管理諮詢合夥企業 (有限合夥)) and Tianjin Chuangzhi Management Consulting Partnership (Limited Partnership)* (天津創智管理諮詢合夥企業 (有限合夥)) and became our Shareholders. See “—Major Corporate Development of Our Group—Adoption of the VIE structure and its subsequent termination.”

Adoption of the VIE structure and its subsequent termination

On June 30, 2015, we adopted a variable interest entity structure (the “**VIE Structure**”) as we envisaged at that time that certain part of our business might be subject to the foreign investment restrictions in the PRC and for the purpose of accepting foreign investment. However, as our business develops, it was noted that our business were not subject to any foreign investment restrictions in the PRC, and most of our business were conducted through our Company instead of the operating company under the VIE Structure, namely First Moma Network Technology (Beijing) Co., Ltd.* (第一摩碼網絡科技(北京)有限公司) (“**First Moma Technology**”). After three rounds of pre-[REDACTED] investments (namely, our series A, A+ and B pre-[REDACTED] investments), we intended to pursue our [REDACTED] in the PRC capital market as the China’s domestic capital markets at that time have experienced a recovery and the introduction of the STAR Market (Science and Technology Innovation Board) on the Shanghai Stock Exchange has encouraged high-tech enterprises to pursue domestic [REDACTED], in which our Company considered that the diversification and convenience of financing channels have attracted significant number of red-chip structured companies to return for domestic [REDACTED]. On December 30, 2019, our Company, First Moma Technology and its then registered shareholders entered into a series of termination agreements, the effect of which would terminate the former contractual arrangements among our Company, First Moma Technology and the then shareholders of First Moma Technology. See “— Former Contractual Arrangements.”

On December 30, 2019, following the termination of the former contractual arrangements, Host Mobile HK, our Company and the then shareholders of Host Mobile Cayman entered into a series of reorganization agreements, the effect of which would enable each and every then-shareholder of Host Mobile Cayman to acquire corresponding shareholding in our Company while Host Mobile Cayman would repurchase their respective shares of Host Mobile Cayman. Upon completion of the reorganization, the shareholding structure of our Company was as follows:

Name of Shareholder	Subscribed share capital (RMB)	Shareholding percentage
Mr. Li	23,349,607	15.18%
Guangfan Technology (Tianjin) Co., Ltd.* (廣泛科技 (天津) 有限公司) (predecessor of Starcraft Technology)	23,349,606	15.17%
Beijing Jinshijia Technology Co., Ltd.* (北京金世家科技有限公司) ⁽¹⁾	6,153,614	4.00%
Zhang Peng (張鵬) ⁽¹⁾	3,342,028	2.17%
Lyu Xiaotong (呂曉彤) ⁽¹⁾	1,144,434	0.74%
Tianjin Ruizhi Management Consulting Partnership (Limited Partnership)* (天津睿智管理諮詢合夥企業 (有限合夥)) (predecessor of Xinyi Ruizhi) ⁽⁸⁾	196,590	0.13%
Tianjin Mingzhi Management Consulting Partnership (Limited Partnership)* (天津明智管理諮詢合夥企業 (有限合夥)) (predecessor of Xinyi Yunzhi)	3,299,902	2.15%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of Shareholder	Subscribed share capital (RMB)	Shareholding percentage
Tianjin Chuangzhi Management Consulting Partnership (Limited Partnership)* (天津創智管理諮詢合夥企業 (有限合夥)) (predecessor of Xinyi Zhongzhi)	1,326,982	0.86%
LS 51World Holding Limited ⁽²⁾	27,507,980	17.88%
Tujia.com Network Technology (Beijing) Co., Ltd.* (途家網網絡技術 (北京) 有限公司) (“ Tujia ”) ⁽³⁾	8,383,225	5.45%
Jiaxing Lvzhi Equity Investment Fund Partnership Enterprise (嘉興綠智股權投資基金合夥企業 (有限合夥)) ⁽⁴⁾	11,461,611	7.45%
Grandwin Enterprises (HK) Limited ⁽¹⁾	3,274,766	2.13%
SenseTime Group Limited ⁽⁵⁾	4,366,332	2.84%
Cui Jingtao (崔京濤) ⁽¹⁾	3,274,766	2.13%
Autoplanet Technology (HK) Co., Limited ⁽⁶⁾	1,018,757	0.66%
Ningbo Meishan Bonded Port District Zhongka Investment Management Limited Partnership* (寧波梅山保稅港區眾咖投資管理合夥企業(有限合夥)) (“ Ningbo Meishan ”) ⁽¹⁾	9,278,481	6.03%
First Moma Artificial Intelligence Technology (Beijing) Co., Ltd. (第一摩碼人工智能科技 (北京) 有限公司) (“ First Moma Artificial Intelligence ”) ⁽¹⁾	7,641,098	4.97%
Chen Chen (陳辰) ⁽⁷⁾	2,183,201	1.42%
Tianjin Mirrorverse Management Consulting Partnership (Limited Partnership)* (天津萬物鏡像管理諮詢合夥企業(有限合夥))(predecessor of Qingdao Mirrorverse)	13,287,661	8.64%
Total	153,840,641	100.00%

Notes:

- (1) For background information of the relevant Pre-[REDACTED] Investors, see “—Pre-[REDACTED] Investments — Our other Pre-[REDACTED] Investors.”
- (2) See “—Pre-[REDACTED] Investments — Our Pathfinder SIIIs and Other Sophisticated Independent Investors — Our Pathfinder SIIIs.”
- (3) To the best of the knowledge of our Company, Tujia is a company established in the PRC and an Independent Third Party.
- (4) To the best of the knowledge of our Company, Jiaxing Lvzhi was and is a private equity fund and an Independent Third Party.
- (5) See “—Pre-[REDACTED] Investments — Our Pathfinder SIIIs and Other Sophisticated Independent Investors — Our Other Sophisticated Independent Investor.”
- (6) To the best knowledge of our Company, Autoplanet is an Independent Third Party.
- (7) To the best knowledge of our Company, Chen Chen (陳辰) is an Independent Third Party.
- (8) Immediately prior to the aforesaid reorganization, Mr. Xue was no longer an employee of our Group and Chuk Nam held 2,800 shares of Host Mobile Cayman. After the repurchase of Chuk Nam’s shares of Host Mobile Cayman, our Company allotted and issued share capital of RMB196,590 to Tianjin Ruizhi Management Consulting Partnership (Limited Partnership)* (天津睿智管理諮詢合夥企業 (有限合夥)), the predecessor of Xinyi Ruizhi, at a consideration of RMB196,933, which was based on the consideration for the repurchase of Chuk Nam’s shares of Host Mobile Cayman and the corresponding registered share capital of our Company. As of the date of completion of the reorganization, Ms. Hao Lili was the general partner of Xinyi Ruizhi and its economic interest was held by one general partner and four limited partners, including Ms. Zhang Yuwei, our executive Director (holding 40.0% of the economic interest), Ms. Du Jinyan, secretary to the Board, chief legal officer and one of our joint company secretaries effective upon [REDACTED] (holding 10% of the economic interest), Ms. Hao Lili (holding 20.0% of the economic interest) and two employees of the Group (holding 30.0% of the economic interest in aggregate).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Upon completion of the termination of the former contractual arrangements, Host Mobile HK, Host Mobile Cayman and First Moma Technology were dissolved on June 25, 2021, April 27, 2023 and May 24, 2024, respectively.

The then members of the Group dissolved during the Track Record Period are tabulated below:

Company name	Place of Incorporation	Business	Date of dissolution	Reason of dissolution
51VR GmbH	Germany	No commencement of business	March 5, 2023	51VR GmbH became a member of the Group in April 26, 2019 as an attempt to commence our 51Sim business in Germany. However, as confirmed by our Director having taking into account the operation costs for operating our 51Sim business in Germany, our initial plan to commence our 51Sim business was terminated, and the court of Germany has approved the dissolution of 51VR GmbH on March 5, 2023.
Fujian 51 Digital Technology Co., Ltd.* (福建五一數元數字科技有限公司) (“Fujian 51”)	PRC	51Aes	October 17, 2024	Fujian 51 was established on September 2, 2022 and dissolved on October 17, 2024 voluntarily taking into account the unsatisfactory financial performance and business prospect of Fujian 51.

All the then members of the Group had no outstanding liabilities and/or claims with any member of the Group and other parties as of the time of their respective dissolution.

Save as disclosed, to the best of the knowledge of our Company, there are no other past or present relationships between First Moma Asset Management (including its ultimate beneficial owners) and the Company or its subsidiaries, their directors, shareholders or senior management, or any of their respective associates.

To the best of the knowledge of our Company, First Moma Asset Management, is primarily engaged in investment holding business in the PRC, with its major subsidiaries engaging in space operation, education industry, hotel management, venture capital incubation.

The respective businesses of First Moma Asset Management and our Group is different in nature, with each catering to distinct customer needs. Our Directors are of the view that there is a clear delineation of the businesses of First Moma Asset Management and our Group and there is no competition between First Moma Asset Management and our Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Conversion into a Joint Stock Company

On November 20, 2020, the shareholders of Host Mobile passed resolutions approving, amongst other matters, the conversion of Host Mobile from a limited liability company into a joint stock company and the change of name from Host Mobile to Beijing 51WORLD Digital Twin Technology Co., Ltd. (北京五一视界数字孪生科技股份有限公司).

Upon the completion of the conversion on December 1, 2020, the registered capital of our Company became RMB171,436,164 divided into 171,436,164 Shares with a nominal value of RMB1.0 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in Host Mobile before the conversion.

Pre-[REDACTED] Share Incentive Scheme and Pre-[REDACTED] Share Option Scheme

Our Company adopted (i) the Pre-[REDACTED] Share Incentive Scheme on June 28, 2023 which was further amended and approved on August 9, 2024; and (ii) the Pre-[REDACTED] Share Option Scheme on August 9, 2024. See “Appendix VI—Statutory and General Information—4. Our Incentive Schemes”.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and until the Latest Practicable Date, we did not conduct any major acquisitions, disposals, or mergers.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

As of the Latest Practicable Date, we have received various rounds of Pre-[REDACTED] Investments. The following table summarizes the key terms of the Pre-[REDACTED] Investments to our Company made by the Pre-[REDACTED] Investors:

	Series A	Series A+	Series B	Series B1	Series C ⁽⁵⁾⁽⁶⁾	Series D	Series E ⁽⁷⁾⁽⁸⁾⁽⁹⁾	Series F ⁽¹⁰⁾
Pre-[REDACTED] Investors	(i) Lightspeed China Partners II, L.P.; and (ii) Tujia	(i) Lan Heng Investment Co., Limited ⁽¹¹⁾ ; (ii) Star VC Investment Co., Limited ⁽¹²⁾ ; (iii) Lightspeed China Partners II, L.P.; and (iv) Grandwin Enterprises Limited	(i) First Internet Technology (China) Limited ⁽¹³⁾ ; (ii) SensePower Management Limited; (iii) Triwin Holdings Limited ⁽¹⁴⁾ ; (iv) Lightspeed China Partners II, L.P.; (v) Town West Investment Co., Limited ⁽¹⁵⁾ ; and (vi) Star VC Investment Co., Limited	(i) Autoplanet Technology Co., Limited	(i) Shanghai Oriental; Hangzhou Yunren Investment Management Co., Ltd.* (杭州雲仁投資管理有限公司); (ii) Sky9 Capital MVP Fund; (iii) China Merchants Securities Ltd.; (iv) LS 51World; and (v) SBI	(i) Ren Zhenquan; Guangdong Xingshi No. 3 Equity Investment Partnership (Limited Partnership)* (廣東星石三號股權投資合夥企業(有限合伙)); (ii) Guangzhou Chentu No. 11 Venture Capital Partnership (Limited Partnership)* (廣州辰途十一號創業投資合夥企業(有限合伙)); (iii) Chentu No. 12 Venture Capital Fund Partnership (Limited Partnership)* (廣州辰途十二號創業投資基金合夥企業(有限合伙)); and (iv) Guangzhou Chentu Ruqi Xinyuan Venture Capital Fund Partnership (Limited Partnership)* (廣州辰途如駒芯源創業投資基金合夥企業(有限合伙))	(i) Wu Hong; Ge Weidong; (ii) Guohe Phase III; Ningbo Junsheng Electronics Co., Ltd.* (寧波均勝電子股份有限公司); (iii) Zhongxin Rongchuang; (iv) Wang Tao; Moore Threads; Haochen No. 1; Beijing Jinzheng Information Co., Ltd.* (北京金證信息有限公司); and (v) Zhang Huaian	(i) Nanning Qianchuang Shijie Investment Partnership (Limited Partnership)* (南寧乾創視界投資合夥企業(有限合伙))

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

	Series A	Series A+	Series B	Series B1	Series C ⁽⁵⁾⁽⁶⁾	Series D	Series E ⁽⁷⁾⁽⁸⁾⁽⁹⁾	Series F ⁽¹⁰⁾
Date of the share purchase agreement / investment	June 30, 2015	August 15, 2016	November 3, 2017	December 4, 2017	March 13, 2020	December 25, 2020	November 30, 2021	June 28, 2024
Date of last payment of consideration	November 13, 2015	April 21, 2017	December 11, 2017	December 26, 2017	June 29, 2020	December 28, 2020	February 14, 2022	June 28, 2024
Total number of shares subscribed / Amount of registered capital increased (RMB)	343,284 Series A Preferred Shares	373,135 Series A+ Preferred Shares	310,946 Series B Preferred Shares	14,510 Series B1 Preferred Shares	RMB17,595,523	RMB5,877,780	RMB4,274,453	RMB17,380,952
Cost per Share paid to the Company	RMB0.44 ⁽¹⁾	RMB1.09 ⁽¹⁾	RMB3.26 ⁽¹⁾	RMB3.49 ⁽¹⁾	RMB5.17 ⁽¹⁾	RMB10.16 ⁽¹⁾	RMB11.22 ⁽¹⁾	RMB11.51
Discount to the [REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total funds received by the Company	US\$3,000,000	US\$8,000,000	US\$20,000,000	US\$1,000,000	RMB183,000,000	RMB120,000,000	RMB96,426,750	RMB200,000,000
Implied pre-money valuation of the Company ⁽³⁾	US\$10.0 million	US\$32.0 million	US\$120.0 million	US\$150.0 million	RMB1,600.0 million	RMB3,500.0 million	RMB4,000.0 million	RMB4,200.0 million
Implied post-money valuation of the Company ⁽⁴⁾	US\$13.0 million	US\$40.0 million	US\$140.0 million	US\$151.0 million	RMB1,783.0 million	RMB3,620.0 million	RMB4,096.4 million	RMB4,400.0 million
Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[REDACTED] Investments for the operations of our Group and in accordance with the business plan or budget as approved by the Board. As of the Latest Practicable Date, 100.0% of the [REDACTED] from the Pre-[REDACTED] investments were utilized.							
Strategic benefits of the Pre-[REDACTED] Investors brought to our Company	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-[REDACTED] Investors' investments in our Company and the Pre-[REDACTED] Investors' knowledge and experience. The Pre-[REDACTED] Investments also signify our Pre-[REDACTED] Investors' endorsement of and confidence in our Company.							
Basis of determining the consideration paid	The consideration for the Pre-[REDACTED] Investments was determined based on arm's length negotiations between the Company and the Pre-[REDACTED] Investors after taking into consideration various factors including but not limited to, the timing of the investments, our valuation when the investment agreement was entered into, the status and prospects of our R&D and business operations and the financial performance of our Group. For share transfers of pre-[REDACTED] investments, a discount of approximately 20% for lack of marketability of Shares.							
[REDACTED]	The Pre-[REDACTED] Investors are not subject to any [REDACTED] arrangement at the time of [REDACTED] under the relevant agreements in relation to the Pre-[REDACTED] Investments. Our Pathfinder SLLs (i.e. LS 51World Holding Limited and Sky9 51 World Limited) will be subject to disposal restrictions pursuant to Rule 18C.14 (2) of the Listing Rules. Save for our Pathfinder SLLs, no Pre-[REDACTED] Investors would be subject to disposal restrictions under the Listing Rules.							
Reasons for fluctuations in valuation as compared to the immediate previous round of pre-[REDACTED] Investment	Pursuant to the applicable PRC law, within the 12 months from the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them. The fluctuations in valuation were due to the general business status of our Group, the advancement of our research and development, and the prevailing market sentiment amongst the venture capital markets at the time when the investments were made as detailed below: 1. In 2016, we expanded our application of VR technology in innovative businesses. 2. In 2017, we launched 51Sim and developed our simulation technology and automated driving technology. We began R&D for SimOne 1.0. 3. In 2019, we launched the application of 51Aes in smart cities and parks, launched SimOne 1.0 and rebranded our brand name. 4. In 2022, we launched 51Earth and in 2024, we launched 51Earth.com. Discount for Lack of Marketability (“DLOM”) was considered to reflect the difference in the marketability of the Shares in Series F financing and that of the Company upon [REDACTED].							
Reasons for fluctuations in valuation as compared between the valuation in the [REDACTED] and the valuation in Series F financing, being the latest round of Pre-[REDACTED] Investment								

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

1. These investments were made prior to the termination of offshore corporate structure in December 2019 and / or the increase in the share capital of the Company in connection with the conversion of capital reserve into share capital in December 2021. See “— Former Contractual Arrangements.” The cost per share has therefore been adjusted to take into account the enlarged share capital.
2. The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED].
3. The implied pre-money valuation is calculated based on (i) the cost per Share paid to the Company for the corresponding round of Pre-[REDACTED] Investment and (ii) the issued share capital of the Company immediately prior to the corresponding round of Pre-[REDACTED] Investment.
4. The implied post-money valuation is the sum of (i) the pre-money valuation for the corresponding round of Pre-[REDACTED] Investment and (ii) the total funds received by the Company from the corresponding round of Pre-[REDACTED] Investment.

5. Pursuant to the investment agreement of Series C Investment, Beijing Jinshijia Technology Co., Ltd.* (北京金世家科技有限公司) (“**Jinshijia**”), Jiaying Lvzhi Equity Investment Fund Partnership Enterprise (嘉興綠智股權投資基金合夥企業) (“**Jiaying Lvzhi**”) and First Moma Artificial Intelligence Technology (Beijing) Co., Ltd. (第一摩碼人工智能科技(北京)有限公司) (“**First Moma Artificial Intelligence**”) as transferors agreed to transfer the registered share capital of the Company amounted to RMB10,640,645 to Shanghai Oriental, Hangzhou Yunren Investment Management Co., Ltd.* (杭州雲仁投資管理有限公司), Sky9 Capital MVP Fund, China Merchants Securities Investment Co., Ltd. (“**CMSI**”), LS 51World and SBI at an aggregate consideration of RMB83,000,000. The reason for the transfer is related to the selling shareholders’ own capital needs and the purchasing shareholders’ view on the industry in which we operate and our development prospect. The last consideration of share transfer was settled on July 16, 2020. The consideration for the share transfer was based on arms’ length negotiation among the parties.

To the best of the knowledge of our Company, CMSI is a wholly-owned subsidiary of China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a company established in the PRC whose A shares are listed on the Shanghai Stock Exchange (stock code: 600036) and H shares are listed on the Stock Exchange (HKEX Stock Code: 3968.hk).

6. On July 30, 2020, Teng Rongsong, Wang Tao (王濤), LS 51World, Sky9 51World, Mr. Li, Tujia.com Network Technology (Beijing) Co., Ltd. (途家網網絡技術(北京)有限公司) (“**Tujia**”), Mr. Chen Chen (陳辰) and the Company entered into an investment agreement, pursuant to which Tujia agreed to transfer registered share capital of the Company in the amount of RMB3,856,283 to Wang Tao at a consideration of RMB40,129,296, registered share capital of RMB4,526,942 of the Company to Teng Rongsong at a consideration of RMB47,108,304; whereas Mr. Chen Chen agreed to transfer the registered share capital of RMB466,820 of the Company to Sky9 51World at a consideration of RMB4,857,825 and registered share capital of RMB1,716,381 of the Company to LS 51World at a consideration of RMB17,861,014. The reason for the transfer is related to the selling shareholders’ own capital needs and the purchasing shareholders’ view on the industry in which we operate and our development prospect. The last consideration of the share transfer was settled on September 21, 2020. The consideration for the share transfer was based on arms’ length negotiation among the parties.
7. Pursuant to the investment agreement of Series E Investment, Jiaying Lvzhi, Shanghai Oriental, SBI, Grandwin HK, as transferors agreed to transfer an aggregate of 14,050,648 Shares to Wu Hong, Ge Weidong, Guohe Phase III, Ningbo Junsheng Electronics Co., Ltd.* (寧波均勝電子股份有限公司) (“**Junsheng Electronics**”), Zhongxin Rongchuang, Wang Tao, Moore Threads, Haochen No. 1 and Beijing Jinzheng Information Co., Ltd.* (北京金證信息有限公司) (“**Jinzheng Information**”) at a total consideration of RMB253,573,250. The reason for the transfer is related to the selling shareholders’ own capital needs and the purchasing shareholders’ view on the industry in which we operate and our development prospect. The last consideration of the share transfer was settled on December 17, 2021. The consideration for the share transfer was based on arms’ length negotiation among the parties. On February 13, 2022, Moore Threads, Haochen No. 1, Jinzheng Information, SBI, Grandwin HK, Mr. Li and the Company entered into a termination agreement, pursuant to which parties thereto have agreed to terminate all rights and obligations in respect of the relevant share transfers stipulated under the investment agreement of Series E Investment, and all rights and obligations under the then shareholders’ agreement of our Company. On the same day, Junsheng Electronics, Shanghai Oriental, Mr. Li and the Company entered into a termination agreement, pursuant to which parties thereto have agreed to terminate all rights and obligations stipulated under the investment agreement of Series E Investment.

To the best of the knowledge of our Company, Junsheng Electronics is a company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 600699). Jinzheng Information is a limited company established under the laws of the PRC and is owned as to 98.0% by Mr. Chen Bin (陳斌), an Independent Third Party.

8. On February 23, 2022, Moore Threads, Haochen No. 1, Jinzheng Information, Shanghai Oriental entered into a share purchase agreement, pursuant to which, Moore Threads agreed to acquire 1,427,515 Shares held by Shanghai Oriental at a consideration of RMB12,815,870; Haochen No. 1 agreed to acquire 186,515 Shares held by Shanghai Oriental at a consideration of RMB1,674,030; and Jinzheng Information agreed to acquire 806,650 Shares held by Shanghai Oriental at a consideration of RMB7,244,950. The reason for the transfer is related to the selling shareholders’ own capital needs and the purchasing shareholders’ view on the industry in which we operate and our development prospect. The last consideration of the share transfer was settled on March 18, 2022. The consideration for the share transfer was based on arms’ length negotiation among the parties.
9. On January 28, 2022, Qingdao Yunchu and Zhang Huaian entered into a share purchase agreement, pursuant to which Qingdao Yunchu agreed to sell 3,527,401 Shares to Zhang Huaian at a consideration of RMB33,824,393. The reason for the transfer is related to Qingdao Yunchu’s own capital needs and Zhang Huaian’s view on the industry in which we operate and our development prospect. The last consideration of the share transfer was settled on February 21, 2022. The consideration for the share transfer was based on arms’ length negotiation among the parties.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On March 2, 2022, First Moma Artificial Intelligence and Chongqing Yulong Chongsu entered into a share purchase agreement, pursuant to which First Moma Artificial Intelligence agreed to sell 2,085,714 Shares to Chongqing Yulong Chongsu at a consideration of RMB20,000,000. The reason for the transfer is related to First Moma Artificial Intelligence’s own capital needs and Chongqing Yulong Chongsu’s view on the industry in which we operate and our development prospect. The last consideration of the share transfer was settled on April 13, 2022. The consideration for the share transfer was based on arms’ length negotiation among the parties.

On March 28, 2022, Autoplanet Technology (HK) Co., Limited (自行星科技 (香港) 有限公司) (“**Autoplanet**”), Liu Shanshan (劉珊珊), an Independent Third Party, and Li Xiuxiu entered into a share purchase agreement, pursuant to which Autoplanet agreed to sell 2,047,650 Shares to Li Xiuxiu at a consideration of RMB19,635,000. The reason for the transfer is related to Autoplanet’s own capital needs and Li Xiuxiu’s view on the industry in which we operate and our development prospect. The last consideration of the share transfer was settled on April 12, 2022. The consideration for the share transfer was based on arms’ length negotiation among the parties.

On March 28, 2022, SBI and Li Xiuxiu entered into a share purchase agreement, pursuant to which SBI agreed to sell 1,493,580 Shares to Li Xiuxiu at a consideration of RMB13,408,881. The reason for the transfer is due to SBI’s commercial decision while Li Xiuxiu intended to acquire Shares. The last consideration of the share transfer was settled on April 12, 2022. The consideration for the share transfer was based on arms’ length negotiation among the parties.

On May 20, 2022, CMSI and Teng Rongsong entered into a property transaction contract, pursuant to which CMSI agreed to sell 5,568,789 Shares to Teng Rongsong at a consideration of RMB50,000,000. The reason for the transfer is due to CMSI’s commercial decision. The last consideration of the share transfer was settled on May 26, 2022. The consideration for the share transfer was based on public tender.

10. On July 12, 2024, Ren Zhenquan, Qu Xiaopeng, Mr. Li and the Company entered into a share purchase agreement, pursuant to which Qu Xiaopeng agreed to acquire 787,670 Shares from Ren Zhenquan at a consideration of RMB8,000,000. The reason for the transfer is due to Ren Zhenquan’s own capital needs and Qu Xiaopeng’s intention to invest in our Shares. The last consideration of the share transfer was settled on August 8, 2024. The consideration for the share transfer was based on arms’ length negotiation among the parties.

On September 30, 2024, Haochen No. 1, Jinzheng Information and the Company entered into a share purchase agreement, pursuant to which Jinzheng Information agreed to sell 1,052,295 Shares to Haochen No. 1 at a consideration of RMB10,000,000. The last consideration of the share transfer was settled on October 24, 2024. The reason for the transfer was due to Jinzheng Information’s own capital needs and Haochen No. 1’s intention to invest in our Shares. The consideration for the share transfer was based on arms’ length negotiation among the parties.

On September 30, 2024, Zhongxin Rongchuang, Ningbo Chuangzhi and Mr. Li entered into a share purchase agreement, pursuant to which Zhongxin Rongchuang agreed to sell 3,157,250 Shares to Ningbo Chuangzhi at a consideration of RMB30,000,000. The last consideration of the share transfer was settled on October 23, 2024. The reason for the transfer was for the change of investing entity by China Innovative Capital. The consideration for the share transfer was based on arms’ length negotiation among the parties.

On November 26, 2024, CMSI and Beijing Zhonglv Juneng Energy Technology Co., Ltd.* (北京中綠聚能能源科技有限公司) (“**Zhonglv Juneng**”) entered into a property transaction contract (產權交易合同), pursuant to which CMSI agreed to sell 5,099,400 Shares to Zhonglv Juneng at a consideration of RMB35,000,000. The last consideration of the share transfer was settled on November 27, 2024. The reason of the transfer was due to CMSI’s commercial decision. The consideration for the share transfer was based on public tender.

11. Lan Heng Investment Co., Limited is a limited company incorporated under the laws of the British Virgin Islands and is wholly-owned by Jiaxing Lan Heng Equity Investment LLP (嘉興藍恆股權投資基金合夥企業(有限合夥)), to the best of our Directors’ knowledge, is ultimately controlled by Mr. Ren Xuhong, an Independent Third Party.
12. Star VC Investment Co., Limited is a limited company incorporated under the laws of the British Virgin Islands and is wholly-owned by Ningbo Meishan. For further details on Ningbo Meishan, see “—Pre-[REDACTED] Investments— Our other Pre-[REDACTED] Investors.”
13. First Internet Technology (China) Limited is a limited company incorporated under the laws of the British Virgin Islands and is wholly-owned by First Moma Asset Management. For further details on First Moma Asset Management, see “—Pre-[REDACTED] Investments— Our other Pre-[REDACTED] Investors.”
14. Triwin Holdings Limited is a limited company incorporated under the laws of the British Virgin Islands and, to the best of our Directors’ knowledge, is indirectly wholly-owned by Ms. Cui Jingtao. For background information of Ms. Cui Jingtao, see “—Pre-[REDACTED] Investments— Our other Pre-[REDACTED] Investors.”
15. Town West Investment Co., Limited is a limited company incorporated under the laws of the British Virgin Islands and is ultimately controlled by Mr. Chen Chen, an Independent Third Party.

Special rights of the Pre-[REDACTED] Investors

The special rights granted to the Pre-[REDACTED] Investors (including redemption rights requiring Mr. Li and/or Starcraft Technology to repurchase shares of the Pre-[REDACTED] Investors, co-sale rights and drag-along rights) shall be automatically terminated on the date of filing of an application for the [REDACTED] (the “**First Filing Date**”), provided that such rights shall resume to be exercisable if the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED] and [REDACTED] of the H Shares on the Stock Exchange under Chapter 18C of the Listing Rules has not been completed by a date agreed between the Company and the Pre-[REDACTED] Investors. The special rights will be terminated upon [REDACTED]. The share redemption rights granted by the Single Largest Group of Shareholders to certain of the Pre-[REDACTED] Investors under the relevant subscription agreements and/or shareholders’ agreements have been terminated upon or before the first submission of the [REDACTED] to the Stock Exchange for the purpose of the [REDACTED]. Terminated share redemption rights granted by the Single Largest Group of Shareholders may be reinstated if the [REDACTED] does not take place by December 31, 2025. The Company is a party to the relevant agreements in relation to the grant of share redemption rights by the Single Largest Group of Shareholders. As confirmed by the Company, (i) the Company does not have any obligation to fulfil the special rights granted by the Single Largest Group of Shareholders, including the share redemption rights; (ii) there are no other side arrangements between the Company and the Pre-[REDACTED] Investors or between the Company and the Single Largest Group of Shareholders regarding share redemption rights; and (iii) the Company did not provide any guarantee on the share redemption rights as granted by the Single Largest Group of Shareholders in case of default by the Single Largest Group of Shareholders. As confirmed by the Single Largest Group of Shareholders, save as disclosed above, there are no other side arrangements between the Single Largest Group of Shareholders and the Pre-[REDACTED] Investors regarding share redemption rights.

In addition, prior to the First Filing Date, share redemption rights granted by the Company was terminated with no further effect and could not be reinstated pursuant to the supplemental agreement dated March 20, 2023 entered into by the Shareholders and our Company. Accordingly, financial liability in relation to the aforesaid Company’s redemption obligations was incurred during the year ended December 31, 2022, but since all the Company’s redemption obligations were terminated by March 2023, there was no such financial liability of the Company recognised as of December 31, 2023, 2024 and June 30, 2025. See Note 22 to the Accountants’ Report in Appendix I to this document for further details.

Compliance with the Pre-[REDACTED] Investment guidance

On the basis that (i) the considerations for the Pre-[REDACTED] Investments have been settled no less than 120 clear days before the [REDACTED]; and (ii) no special rights granted to the Pre-[REDACTED] Investors as set out above shall survive upon [REDACTED], the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Information about the Pre-[REDACTED] Investors

Our Pathfinder SIIs and Other Sophisticated Independent Investors

We have received meaningful investments from the following Sophisticated Independent Investors, two of whom are our Pathfinder SIIs. To the best knowledge of the Company, each of the Sophisticated Independent Investors, together with their ultimate beneficial owners, satisfies the independence requirement as set out in Chapter 2.5 of the Guide.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Our Pathfinder SIIs

LS 51World

LS 51World Holding Limited (“**LS 51World**”) is interested in 17.32% of shareholding in the total share capital of our Company as of the Latest Practicable Date and will be interested in approximately **[REDACTED]**% of the total share capital of our Company upon **[REDACTED]** (assuming that no new Shares are issued under the **[REDACTED]** and the Pre-**[REDACTED]** Share Option Scheme).

LS 51World is a limited company incorporated in Hong Kong and is wholly owned by Lightspeed China Partners II, L.P.. The general partner of Lightspeed China Partners II, L.P. is Lightspeed China Partners II GP, LLC, which is owned equally by Mr. James Qun Mi (50%) and Mr. Ronald Cao (50%). Lightspeed China Partners II, L.P. is owned as to 3.85% by Lightspeed China Partners II GP, LLC and 96.15% by limited partners. None of the limited partners holds more than 30% of the economic interest therein.

LS 51World and Lightspeed China Partners II, L.P. are under the brand of Lightspeed China Partners whose primary purpose is to serve entrepreneurs as a lead investor in early stage and emerging growth companies in technology sectors. Lightspeed China Partners supports China’s innovation and is committed to working with entrepreneurs to realize sustainable development.

We became acquainted with Lightspeed China Partners during our Series financing through 2015 to date. In addition to our Company, Lightspeed China Partners has invested in other technology companies such as, PDD Holdings Inc. (National Association of Securities Dealers Automated Quotations (“**NASDAQ**”): PDD), Zhongji Innolight Co., Ltd. (Shenzhen Stock Exchange (“**SZSE**”): 300308), Full Truck Alliance Co. Ltd. (New York Stock Exchange (“**NYSE**”): YMM), FinVolution Group (NYSE: FINV), QingCloud Technologies Corp. (SSE: 688316) etc.

The limited partners of Lightspeed China Partners II, L.P. are Independent Third Parties. Lightspeed China Partners II, L.P. invested in our Company in Series A financing, Series A+ financing and Series B financing. LS 51World invested in our Company in Series C financing. The respective percentage of shareholding in the total share capital of our Company upon the completion of each of the aforementioned Pre-**[REDACTED]** Investments is as follows:

	Date of investment agreement	Investment amount	Date of payment of consideration	Shareholding percentage
Series A financing . . .	June 30, 2015	USD2,608,696.65	November 13, 2015	20.0%
Series A+ financing . .	August 15, 2016	USD1,000,000.00	November 4, 2016	18.5%
Series B financing . . .	November 3, 2017	USD3,000,000.00	December 4, 2017	18.0%
Series C financing . . .	March 13, 2020	USD3,385,673.75	July 16, 2020	18.2%

As of June 30, 2015 (being the date which is no more than six months prior to the date of the investment agreement of Series A Investment),

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

December 31, 2019 (being the date which is no more than six months prior to the date of the investment agreement of Series C Investment) and December 31, 2024, the assets under management of Lightspeed China Partners amounted to over US\$480 million, US\$650 million and US\$700 million, respectively, derived primarily from the valuation of its investment in specialist technology companies. The classification of such investee companies as specialist technology companies has been reviewed and confirmed by Frost & Sullivan, of which the Joint Sponsors concurred. The relevant AUMs were determined with reference to the quoted market price of listed companies and the post-money valuation of unlisted companies immediately after the latest round of investment contained in the investment portfolio.

Sky9 51World

Sky9 51World Limited (“**Sky9 51World**”) is interested in 3.4% of shareholding in the total share capital of our Company as of the Latest Practicable Date and will be interested in approximately [REDACTED]% of the total share capital of our Company upon [REDACTED] (assuming that no new Shares are issued under the [REDACTED] and the Pre-[REDACTED] Share Option Scheme).

Sky9 51World is a limited company incorporated in Hong Kong and is wholly owned by Sky9 Capital MVP Fund, L.P. Sky9 Capital MVP Fund, L.P. is managed by its general partner, Sky9 Capital MVP GP Ltd., which is ultimately controlled by Mr. Ronald Cao (“**Mr. Cao**”). The limited partners of Sky9 Capital MVP Fund, L.P. are Independent Third Parties. None of the limited partners of Sky9 Capital MVP Fund, L.P. holds more than 30% of its economic interest. Sky9 51World invested in our Company in Series C financing pursuant to the investment agreement dated March 13, 2020 and was interested in approximately 3.5% of shareholding in the total share capital of our Company upon the completion of the Series C financing. The aggregate investment sum received by the Company of USD5,491,072.78 was settled in full on June 22, 2020.

Sky9 Capital MVP Fund, L.P. is operated under the brand of Sky9 Capital. Sky9 Capital is a leading venture capital fund dedicated to supporting disruptive technologies and outstanding innovators around the world to drive change and create positive impact for society, the environment and individual lives. Sky9 Capital is supported by a group of world-class institutional investors including sovereign wealth funds, foundations, pension funds and family offices. Sky9 Capital has invested in numerous technology companies and startups such as Xtalpi (stock code: 2228), WeRide (NASDAQ: WRD), Energy Monster (NASDAQ: EM), QingCloud Technologies (Shanghai Stock Exchange: 688316), TuSimple, Webull, Yidui, Hotmaxx, Rox, Biren Technology, Jingling, Shoplazza and MetaApp.

We became acquainted with Sky9 Capital by way of personal acquaintance with the partners of Sky9 Capital. As of December 31, 2019 (being the date which is no more than six months prior to the date of the investment agreement of Series C Investment) and December 31,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

2024, Sky9 Capital had an AUM of over US\$150 million and US\$670 million, respectively, derived primarily from the valuation of its investments in specialist technology companies. The classification of such investee companies as specialist technology companies has been reviewed and confirmed by Frost & Sullivan, of which the Joint Sponsors concurred. The relevant AUMs were determined with reference to the quoted market price of listed companies and the post-money valuation of unlisted companies immediately after the latest round of investment contained in the investment portfolio.

Our Other Sophisticated Independent Investor

SenseTime Group Limited

SenseTime Group Limited (“**SenseTime**”) is interested in 2.3% of shareholding in the total share capital of our Company as of the Latest Practicable Date and will be interested in approximately [REDACTED]% of the total share capital of our Company upon [REDACTED] (assuming that no new Shares are issued under the [REDACTED] and the Pre-[REDACTED] Share Option Scheme).

SenseTime invested in our Company in Series B financing pursuant to the investment agreement dated November 3, 2017. Upon completion of the investment, SenseTime was interested in approximately 2.9% of shareholding in the total share capital of our Company upon the completion of the Series B financing. The investment sum of USD4,000,000 was settled on November 27, 2017.

SenseTime is a limited liability company incorporated in Hong Kong. It is directly wholly-owned by SenseTime Group Inc., a company listed on the Stock Exchange (stock code: 0020.hk) (“**SenseTime Group**”).

SenseTime Group is a leading AI software company focused on creating a better AI-empowered future through innovation. Its principal activities are the sale of advanced AI software platform and related services, sale of AI software-embedded hardware and related services, Artificial Intelligence Data Center service as well as research and development activities in relation to AI technology.

We became acquainted with SenseTime Group during our series B financing through StarVC. In addition to our Company, SenseTime Group has invested in other technology companies such as WeRide Inc. (NASDAQ: WRD), ENGINETECH Co., Ltd. (安擎計算機信息股份有限公司) and Terminus Technologies Co., Ltd. (重慶特斯聯智慧科技股份有限公司)

According to Frost & Sullivan, SenseTime Group is a key participant in the upstream digital twin solution industry in terms of its revenue in the PRC as of December 31, 2017 with a market share of 15.4% in computer vision solution market in the PRC and December 31, 2024 with a market share of over 4% in the computer vision solution market in the PRC.

Since the commencement of the pre-application 12-month period up to June 27, 2024, our Pathfinder SIIs, namely, LS 51World and Sky9 51World were interested in 18.14% and 3.58% of the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

total issued share capital of our Company, respectively. From June 28, 2024 to the date of our [REDACTED] application, our Pathfinder SIIs, namely, LS 51World and Sky9 51World were interested in 17.32% and 3.41% of the total issued share capital of our Company, respectively. Accordingly, in compliance with Chapter 2.5 of the Guide for New Listing Applicants, each of the aforesaid Pathfinder SIIs holds more than 3% of the total issued share capital of our Company and, in aggregate, more than 10% of the total issued share capital of our Company as of the date of our [REDACTED] application and throughout the pre-application 12-month period.

As of the Latest Practicable Date, the aforesaid SIIs held, in aggregate, approximately 23.0% in the total issued share capital of our Company. At [REDACTED], such SIIs will hold, in aggregate, no less than 20% in the total issued share capital of our Company, assuming the [REDACTED] is not exercised, the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised and that our expected [REDACTED] at the time of [REDACTED] will exceed HK\$4 billion but will be less than HK\$15 billion.

Our other Pre-[REDACTED] Investors

We have also received investments from the following Pre-[REDACTED] Investors. To the best knowledge of the Company, save as disclosed below, each of the Pre-[REDACTED] Investors, together with their ultimate beneficial owners, is an Independent Third Party. The following Pre-[REDACTED] Investors are listed on a chronological order based on their initial date of becoming our Shareholder.

Zhang Peng (張鵬)

Mr. Zhang Peng (張鵬) is a private investor who has knowledge of the capital markets in the mainland China and Hong Kong. He is currently an executive director, and the chairman of the board of directors of Modern Land and the chairman of the board of directors and a non-executive director of First Service Holding Limited (第一服務控股有限公司), a company listed on the Stock Exchange (stock code: 2107.hk). To the best knowledge of our Directors, Mr. Zhang Peng is an Independent Third Party.

Lyu Xiaotong (呂曉彤)

Mr. Lyu Xiaotong (呂曉彤) is the founder of Wemove Investment (Beijing) Co., Ltd.* (微木智業投資(北京)有限公司). Mr. Lyu has extensive investment experience in various sectors including B2B corporate services, consumer goods and consumer Internet. To the best knowledge of our Directors, Lyu Xiaotong is an Independent Third Party.

Grandwin Enterprises (HK) Limited

Grandwin Enterprises (HK) Limited (“Grandwin HK”) is a limited company incorporated in Hong Kong and is wholly owned by Mr. Pak To Leung, an Independent Third Party.

Jinshijia, First Moma Artificial Intelligence and First Internet Technology (China) Limited

Jinshijia is a limited company established under the laws of the PRC and is wholly owned by First Moma Asset Management (formerly known as Contemporary Resorts Asset Operation (Beijing) Co., Ltd. (當代勝地資產運營(北京)有限公司)).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

First Moma Artificial Intelligence is a limited company established under the laws of the PRC. It is owned as to 40.0% by Beijing Moma Star Enterprise Management Consulting Co., Ltd.* (北京摩碼星空企業管理諮詢有限公司) (“**Beijing Moma Star Enterprise**”), 35.0% by First Moma Asset Management, and 25.0% by Aislin Culture (Beijing) Co., Ltd.* (艾斯林文化(北京)有限公司). To the best of the knowledge of our Directors, (i) both Beijing Moma Star Enterprise and Aislin Culture are wholly-owned by First Moma Asset Management; and (ii) First Moma Asset Management is wholly owned by China Green Origin (Beijing) Commercial Operations Management Co., Ltd.* (中綠起源(北京)商業運營管理有限公司) (“**China Green Origin**”). China Green Origin is ultimately owned as to 80.0% by Ms. Zhang Yao (張瑤), an Independent Third Party. None of the other shareholders of First Moma Assets Management holds 30.0% or more of its share capital.

Cui Jingtao (崔京濤)

Ms. Cui Jingtao (崔京濤) is a private investor and, to the best knowledge of our Directors, an Independent Third Party.

Ningbo Meishan

Ningbo Meishan Bonded Port District Zhongka Investment Management Limited Partnership* (寧波梅山保稅港區眾咖投資管理合夥企業(有限合夥)) (“**Ningbo Meishan**”) is a limited partnership established under the laws of the PRC. Its general partner is Ningbo Meishan Bonded Port District Daka Lianmeng Investment Management Co., Ltd. (寧波梅山保稅港區大咖聯盟投資管理有限公司), which is owned as to 99.0% by Mr. Ren Zhenquan (任振泉) and 1.0% by Mr. Liu Hao (劉昊). Mr. Ren Zhenquan and Mr. Liu Hao are private investors who have knowledge of the capital markets in the mainland China and Hong Kong. Both Mr. Ren Zhenquan and Mr. Liu Hao are Independent Third Parties.

Ningbo Meishan has eight limited partners, of which Jiangyin Hailan Venture Capital Co Ltd. (江陰海瀾創業投資有限公司) (“**Jiangyin Hailan VC**”) holds 46.3% of the economic interest and none of the other limited partners holds more than 30% of the economic interest therein. Jiangyin Hailan VC is owned as to 95.0% by Jiangyin Hailan Investment Holding Co., Ltd. (江陰市海瀾投資控股有限公司) (“**Jiangyin Hailan Investment**”), which is owned as to 28.0% by Mr. Zhou Jianping (周建平), the [REDACTED] of Jiangyin Hailan Investment, and an Independent Third Party and none of the other shareholders of Jiangyin Hailan Investment holds 30.0% or more economic interest therein.

Shanghai Oriental

Shanghai Oriental Pearl Media Industry Equity Investment Fund Partnership (Limited Partnership)* (上海東方明珠傳媒產業股權投資基金合夥企業(有限合夥)) (“**Shanghai Oriental**”) is a limited partnership established under the laws of the PRC. Its general partner is Shanghai Mingzhu Shangqi Business Consulting Co., Ltd.* (上海明珠尚祺商務諮詢有限公司) (“**Shanghai Mingzhu Shangqi**”) which is owned as to 50.0% and 30.0% by Shanghai Jiapu Business Consulting Partnership (Limited Partnership)* (上海嘉樸商務諮詢合夥企業(有限合夥)) and Shanghai Oriental Pearl Investment Management Co., Ltd.* (上海東方明珠投資管理有限公司) (“**Shanghai Oriental Pearl Investment Management**”), respectively. Shanghai Mingzhu Shangqi is owned as to 59.7% by Mr. Zhu Yuanqing (祝源卿), the [REDACTED] and an Independent Third Party and none of the other shareholders of Shanghai Mingzhu Shangqi holds 30.0% or more of its share capital. Shanghai Oriental Pearl Investment Management is a directly wholly owned subsidiary of Oriental Pearl New Media Co., Ltd.* (東方明珠新媒體股份有限公司) (Shanghai Stock Exchange stock code: 600637) (“**Oriental Pearl**”).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shanghai Oriental has four limited partners, of which each of Hangzhou Puzhi Asset Management Co., Ltd.* (杭州璞致資產管理有限公司) (“**Hangzhou Puzhi**”) and Oriental Pearl (Shanghai) Investment Co., Ltd.* (東方明珠(上海)投資有限公司), an indirectly wholly-owned subsidiary of Oriental Pearl, holds approximately 44.4% of the economic interest therein, respectively. Hangzhou Puzhi is owned as to approximately 84.8% by China Capital Holdings Limited* (中持金控資本有限公司), which is in turn wholly owned by Hangzhou Fuyang Jingcheng Investment Management Co., Ltd.* (杭州富陽景澄投資管理有限公司) (“**Hangzhou Fuyang Jingcheng**”). Hangzhou Fuyang Jingcheng is owned as to 90% by Mr. Shi Jieshan (施介山), an Independent Third Party.

Qingdao Yunchu

Qingdao Yunchu No. 1 Investment Partnership (Limited Partnership) (青島雲初一號投資合夥企業(有限合夥)) (“**Qingdao Yunchu**”) is a limited partnership established under the laws of the PRC. The general partner of Qingdao Yunchu is Hangzhou Yunren Investment Management Co., Ltd.* (杭州雲仁投資管理有限公司), which is owned as to 60% and 40% by Ms. Cai Haoyi (蔡昊怡) and Mr. Gong Zhichao (龔志超), respectively. Both Ms. Cai Haoyi and Mr. Gong Zhichao are Independent Third Parties. Qingdao Yunchu has four limited partners, of which Mr. Xu Xuejun (許學軍), an Independent Third Party holds 50.0% of the economic interest therein. None of the other limited partners holds more than 30% of the economic interest therein.

SBI

SBI Cross-border Advantage Fund (“**SBI**”) is a venture investment association established under the laws of the Republic of Korea and its general partner is SBI Investment KOREA Co., Ltd, which is ultimately controlled by SBI Holdings, Inc. (TYO Stock Code: 8473). SBI has five limited partners, of which Korea Development Bank, a state owned enterprise, holds 49.4% of the economic interest therein. None of the other limited partners holds more than 30% of the economic interest therein.

Teng Rongsong (滕榮松)

Mr. Teng Rongsong (滕榮松) is a private investor who has knowledge of the Hong Kong capital market and an Independent Third Party.

Wang Tao (王濤)

Mr. Wang Tao (王濤) is a private investor who has knowledge of the Hong Kong capital market and an Independent Third Party.

Xingshi No. 3

Guangdong Xingshi No. 3 Equity Investment Partnership (Limited Partnership)* (廣東星石三號股權投資合夥企業(有限合夥)) (“**Xingshi No. 3**”) is a limited partnership established under the laws of the PRC and its general partner is Gongqingcheng Jiupu Private Equity Fund Management Co., Ltd.* (共青城玖璞私募基金管理有限公司) (“**Gongqingcheng Jiupu**”). Gongqingcheng Jiupu is a private equity fund manager registered with the Asset Management Association of China and is controlled by Ms. Hu Xiaokun (胡曉堃), an Independent Third Party, who holds 55.0% of the economic interest. Xingshi No. 3 has two limited partners, Ms. Hu Xiaokun (胡曉堃) and Guangdong Heshi Investment Management Co., Ltd.* (廣東和石投資管理有限公司) (“**Guangdong Heshi**”). Guangdong Heshi holds 75.0% of the economic interest in Xingshi No. 3 and is ultimately owned as to 80% by Ms. Li Zhilin (李枳林) and an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Chentu Entities

Guangzhou Chentu Ruqi Xinyuan Venture Capital Fund Partnership (Limited Partnership)* (廣州辰途如期芯源創業投資基金合夥企業(有限合夥)) (“**Chentu Ruqi Xinyuan**”) is a limited partnership established under the laws of the PRC. Its general partner is Guangzhou Xienuo Chentu Equity Investment Management Co Ltd. (廣州謝諾辰途股權投資管理有限公司) (“**Guangzhou Xienuo Chentu**”), which is ultimately owned as to 90.0% by Guangzhou Xienuo Investment Group Co Ltd. (廣州謝諾投資集團有限公司) (“**Guangzhou Xienuo Investment**”) and 10.0% by Mr. Chen Ruibin (陳銳彬), an Independent Third Party. Guangzhou Xienuo Investment is owned as to 27.6% by Mr. Chen Ruibin (陳銳彬) the [REDACTED], and none of the other shareholders of Guangzhou Xienuo Investment holds 30.0% or more economic interest therein. Chentu Ruqi Xinyuan has 20 limited partners, of which Mr. Liang Yongbiao (梁永標) and Ms. Yan Junfang (燕君芳), each being an Independent Third Party and each holds 12.4% of the economic interest, are the largest limited partners. None of the other limited partners of Chentu Ruqi Xinyuan holds 30.0% or more economic interest therein.

Guangzhou Chentu No. 11 Venture Capital Partnership (Limited Partnership)* (廣州辰途十一號創業投資合夥企業(有限合夥)) (“**Chentu No. 11**”) is a limited partnership established under the laws of the PRC. Its general partner is Guangzhou Xienuo Chentu. Chentu No. 11 has 43 limited partners, of which Mr. Xie Dongxiang (謝東祥), an Independent Third Party and the largest limited partner, holds 7.1% economic interest. None of the other limited partners of Chentu No. 11 holds 30.0% or more economic interest therein.

Guangzhou Chentu No. 12 Venture Capital Fund Partnership (Limited Partnership)* (廣州辰途十二號創業投資基金合夥企業(有限合夥)) (“**Chentu No. 12**”) is a limited partnership established under the laws of the PRC. Its general partner is Guangzhou Xienuo Chentu. Chentu No. 12 has 23 limited partners, of which Ms. Yan Junfang (燕君芳) its largest limited partner, holds 16.5% economic interest therein. None of the other limited partners of Chentu No. 12 holds 30.0% or more economic interest therein.

Wu Hong (吳泓)

Ms. Wu Hong (吳泓) is a private investor and an Independent Third Party.

Ge Weidong (葛衛東)

Mr. Ge Weidong is the founder and chairman of Shanghai Chaos Investment (Group) Co., Ltd.* (上海混沌投資(集團)有限公司) and an Independent Third Party. He has extensive investment experience in finance, securities, equity and commodity investments.

Guohe Phase III

Shanghai Guohe Phase III Modern Service Equity Investment Fund Partnership (Limited Partnership)* (上海國和三期現代服務業股權投資基金合夥企業(有限合夥)) (“**Guohe Phase III**”) is a limited partnership established under the laws of the PRC and its general partner is Shanghai Hehao Enterprise Management Partnership (Limited Partnership)* (上海和顥企業管理合夥企業(有限合夥)) (“**Shanghai Hehao**”). The general partner of Shanghai Hehao is Shanghai Zhichen Investment Management Co., Ltd.* (上海致晨投資管理有限公司) (“**Shanghai Zhichen**”). Shanghai Zhichen is in turn owned by a group of individuals, of which Mr. Cheng Fang (程放), an Independent Third Party,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

owns 34.0% of its shares and none of the remaining individuals owns more than 30% of its shares. Shanghai Hehao has four limited partners, of which Shanghai Heqi Enterprise Management Partnership (Limited Partnership)* (上海和旗企業管理合夥企業(有限合夥)) (“**Shanghai Heqi**”) holds approximately 75.8% of the economic interest. The general partner of Shanghai Heqi is Mr. Cheng Fang. Shanghai Heqi has ten limited partners, of which Mr. Fu Yajia (傅亞佳) and Mr. Pu Wei (浦偉), each being an Independent Third Party and each holds 17.0% of the economic interest, are the largest limited partners. None of the other limited partners of Shanghai Heqi holds 30.0% or more economic interest therein.

Guohe Phase III has 13 limited partners, of which Shanghai International Group Asset Management Co., Ltd.* (上海國際集團資產管理有限公司) (“**Shanghai International Group Assets Management**”), as the largest limited partner, holds 21.7% of the economic interest. Shanghai International Group Assets Management is ultimately wholly-owned by Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). None of the other limited partners of Guohe Phase III holds 30.0% or more economic interest therein.

Ningbo Chuangzhi

Ningbo Meishan Bonded Port Zone Chuangzhi Asset Management Partnership Enterprise (Limited Partnership) (寧波梅山保稅港區創植資產管理合夥企業(有限合夥)) (“**Ningbo Chuangzhi**”) is a limited partnership established under the laws of the PRC with limited liability. The general partner of Ningbo Chuangzhi is Ningbo Meishan Bonded Port Zone Zhongxin Rongchuang Investment Management Co Ltd.* (寧波梅山保稅港區中新融創投資管理有限公司) (“**Zhongxin Rongchuang**”), holding 1% economic interest therein, while Tianjin Zhongxin Ruihe Enterprise Management Co., Ltd. (天津中新睿合企業管理有限公司) (“**Tianjin Zhongxin**”) holds 99% economic interest in Ningbo Chuangzhi, and Tianjin Zhongxin is wholly owned by China Innovative Capital Management Limited (中新融創資本管理有限公司) (“**China Innovative Capital**”).

Zhongxin Rongchuang is a Company established under the laws of the PRC with limited liability and is wholly owned by China Innovative Capital.

China Innovative Capital is owned as to 49.0% and 35.8% by TCL Technology Group Corporation (TCL科技集團股份有限公司) (SZE Stock Code: 000100) and Beijing Zhonghai Jiacheng Capital Management Limited (北京中海嘉誠資本管理有限公司) (“**Beijing Zhonghai Jiacheng**”), respectively. Beijing Zhonghai Jiacheng is ultimately wholly owned by Mr. Jie Zhikun (解直錕), an Independent Third Party.

Moore Threads

Moore Threads Intelligent Technology (Beijing) Co., Ltd.* (摩爾綫程智能科技(北京)股份有限公司) (“**Moore Threads**”) is a limited company established under the laws of the PRC and is owned as to 17.6% and 13.4% by Nanjing Shengao Management Consulting Partnership (Limited Partnership)* (南京神傲管理諮詢合夥企業(有限合夥)) (“**Nanjing Shengao**”) and Mr. Zhang Jianzhong (張建中), respectively, and 69.0% by other shareholders with each of them holding not more than 30.0% of the shares of Moore Threads. Nanjing Shengao is ultimately controlled by its general partner Ms. Zhou Yuan (周苑), an Independent Third Party. Mr. Zhang Jianzhong is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Haochen No. 1

Wuhu Haochen No. 1 Equity Investment Partnership (Limited Partnership)* (蕪湖昊辰一號股權投資合夥企業(有限合夥)) (“**Haochen No. 1**”) is a limited partnership established under the laws of the PRC and its general partner is Wuhu Yuge Enterprise Management Co., Ltd.* (蕪湖宇歌企業管理有限公司), which is owned as to 60.0% and 40.0% by Mr. Jia Xiangyu (賈翔宇) and Mr. Lin Ge (林鵠). Both Mr. Jia Xiangyu and Mr. Lin Ge are Independent Third Parties. Haochen No. 1 has three limited partners, of which Beihai Taiyuan Venture Capital Co., Ltd.* (北海太元創業投資有限公司) (“**Beihai Taiyuan**”) holds approximately 58.82% of the economic interest. Beihai Taiyuan is ultimately wholly owned by Mr. Zhang Jianfang (張建芳), an Independent Third Party. None of the other limited partners holds 30.0% or more of the economic interest therein.

Li Xiuxiu (李秀秀)

Ms. Li Xiuxiu (李秀秀) is a private investor who has knowledge of the capital markets in the mainland China and Hong Kong. She is currently the chairman of Beijing Hesong Investment Co., Ltd.* (北京和頌投資有限公司). Ms. Li Xiuxiu is an Independent Third Party.

Zhang Huaian (張懷安)

Mr. Zhang Huaian is a private investor who has knowledge of the Hong Kong capital market. He is currently the chairman of Shanghai Jujin Investment Co., Ltd.* (上海聚勁投資有限公司). Mr. Zhang Huaian is an Independent Third Party.

Chongqing Yulong Chongsu

Chongqing Yulong Chongsu Equity Investment Fund Partnership (Limited Partnership)* (重慶御隆重塑股權投資基金合夥企業(有限合夥)) (“**Chongqing Yulong Chongsu**”) is a limited partnership established under the laws of the PRC and its general partner is Chongqing Yulong Equity Investment Fund Management Co., Ltd. (重慶禦隆股權投資基金管理有限公司) (“**Chongqing Yulong**”). Chongqing Yulong is owned as to 90.0% by Chongqing Yulong Asset Management (Group) Co., Ltd. (重慶渝隆資產經營(集團)有限公司) (“**Chongqing Yulong Group**”), which is ultimately wholly-owned by Chongqing Jiulongpo District State-owned Assets Supervision and Administration Commission (重慶市九龍坡區國有資產監督管理委員會). Chongqing Yulong Chongsu has two limited partners, of which Chongqing Yulong Group holds 80.0% of the economic interest.

Nanning Qianchuang

Nanning Qianchuang Shijie Investment Partnership (Limited Partnership)* (南寧乾創視界投資合夥企業(有限合夥)) (“**Nanning Qianchuang**”) is a limited partnership established under the laws of the PRC and its general partner is Nanning Qianhai Investment Co., Ltd.* (南寧乾海投資有限公司) (“**Nanning Qianhai**”). Nanning Qianhai is wholly-owned by Nanning Financial Capital Operation Management Co., Ltd.* (南寧財金資本運營管理有限公司), which is the sole limited partner of Nanning Qianchuang holding 99.9% of the economic interest and is ultimately wholly-owned by Nanning Municipal Finance Bureau (南寧市財政局).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Qu Xiaopeng (屈曉鵬)

Ms. Qu Xiaopeng (屈曉鵬) is the founder of Beijing Wedo Capital Management Co., Ltd.* (北京葦渡私募基金管理有限公司) (“**Wedo Venture Partners**”). She is a private investor who has knowledge of the capital markets in the mainland China and Hong Kong. Ms. Qu Xiaopeng is an Independent Third Party.

Zhonglv Juneng

Beijing Zhonglv Juneng Energy Technology Co., Ltd.* (北京中綠聚能能源科技有限公司) is a limited company established under the laws of the PRC. It is wholly-owned by Hechuang Digital Energy (Beijing) Energy Technology Co., Ltd.* (合創數能(北京)能源科技有限公司), which is owned as to 95% by Meiguan Space (Beijing) Commercial Management Co.* (美冠空間(北京)商業管理有限公司) (“**Meiguan Space**”). Meiguan Space is wholly-owned by Meihao Formula Technology Industry (Beijing) Co., Ltd.* (美好方程式科技產業(北京)有限公司), which is wholly-owned by Beijing Yuanjing Technology Co.* (北京元鏡科技有限公司) (“**Beijing Yuanjing**”). Beijing Yuanjing is owned as to 51% by Mr. Deng Zhiyin (鄧志寅), being the [REDACTED] thereof and an Independent Third Party, and none of the other shareholders of Beijing Yuanjing holds 30.0% or more of its share capital.

FORMER CONTRACTUAL ARRANGEMENTS

On June 30, 2015, for the purpose of accepting foreign investment, we adopted a variable interest entity structure (the “**VIE Structure**”) as we envisaged at that time that certain part of our business might be subject to the foreign investment restrictions in the PRC.

For the purpose of the former contractual arrangement, our Company, First Moma Technology and the then shareholders of First Moma Technology entered into a series of contractual arrangements, the effect of which would enable our Company to obtain effective control and enjoy all the economic benefits derived from the operations of the business in the PRC carried out by First Moma Technology.

As our business develops, it was noted that our business were not subject to any foreign investment restrictions in the PRC, and most of our business were conducted through our Company instead of First Moma Technology.

Following our development, we intended to pursue our [REDACTED] in the PRC capital market. Accordingly, on December 30, 2019, the former contractual arrangements with First Moma Technology and its then registered shareholders entered into a series of termination agreements, the effect of which would terminate the former contractual arrangements among our Company, First Moma Technology and the then shareholders of First Moma Technology.

As advised by our PRC Legal Advisor, the termination of the former contractual arrangements was binding among the parties thereto and the former contractual arrangements have been effectively unwound.

PREVIOUS [REDACTED] ATTEMPT

In view of the growing potential of stock market in the PRC, our Company entered into a tutoring agreement (輔導協議) with China Merchants Securities Co., Ltd. (招商證券股份有限公司) (“**CMS**”) on December 2, 2020 in preparation for the A share listing application on the Science and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Technology Innovation Board of Shanghai Stock Exchange (上海證券交易所科創板) and made a preliminary filing (上市輔導備案) with the Beijing office of the CSRC on December 18, 2020. We voluntarily withdrew from our A-share listing preparation after a comprehensive assessment taking into account the uncertainty of the timetable of our Company’s A-share [REDACTED] process, the then market circumstances and our then development strategies in which we have decided to focus our resources on the research and development of 51Earth and optimization and business development of 51Aes and 51Sim. We terminated our engagement with China Merchants Securities Co., Ltd. on August 25, 2022. We have not submitted any [REDACTED] application to the regulatory authorities for our previous attempt with the Shanghai Stock Exchange.

We commenced our A-share listing preparation in December 2023 following our then re-assessment of the then policy and market circumstances. We entered into a tutoring agreement (輔導協議) with Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) (“Kaiyuan”) on December 21, 2023 in preparation for the A share listing application on the Beijing Stock Exchange (北京證券交易所) and we made a preliminary filing with the Beijing office of the CSRC on December 26, 2023. We have selected Kaiyuan for the tutoring agreement and our preparation for our A-share listing on the Beijing Stock Exchange because Kaiyuan had rich experience in capital market transactions on the National Equities Exchange and Quotations, the predecessor of the Beijing Stock Exchange.

After the first half of 2024, we re-assessed our A-share listing preparation and continued to explore other market opportunities. With the promulgation of Chapter 18C of the Listing Rules in March 2023 and the [REDACTED] of the first [REDACTED] applicant under Chapter 18C of the Listing Rules in June 2024, we saw the opportunity for us, being a specialist technology company, to achieve [REDACTED] status on the Stock Exchange, which would be beneficial to our Company and Shareholders in that the Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, thereby enhancing our fund-raising capabilities and broadening our fund-raising channels and our Shareholders base as well as strengthening our international exposure. As a result, we entered into our engagement with the Joint Sponsors on June 14, 2024 to commence our preparation for the [REDACTED] application with the Stock Exchange under Chapter 18C of the Listing Rules.

In August 2024, we continued our assessment on our preparation for our [REDACTED] applications with the Beijing Stock Exchange and the Stock Exchange, and were of the view that given the uncertainty of the listing timetable for our A-share listing process and the good progress of the preparation for our [REDACTED] application to the Stock Exchange, we voluntarily withdrew from our A-share listing preparation with the Beijing Stock Exchange and terminated our engagement with Kaiyuan on August 16, 2024. We have not submitted any [REDACTED] application to the regulatory authorities for our previous attempt with the Beijing Stock Exchange.

According to our PRC Legal Advisor, both preliminary filings made in December 2020 and December 2023 did not constitute [REDACTED] applications with the CSRC.

As of the Latest Practicable Date, we had not filed any formal A share listing application with any representative office of the CSRC or received any comments or inquiries from the CSRC, the Science and Technology Innovation Board of Shanghai Stock Exchange or the Beijing Stock Exchange. Further, there is no disagreement between our Company on one part, and the professional parties involved in our previous [REDACTED] attempts (including CMS and Kaiyuan) on the other part in respect of our previous attempts with the Shanghai Stock Exchange and the Beijing Stock Exchange. We do not plan to pursue the A share listing in the near future.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Our Directors confirmed, as concurred by the Joint Sponsors based on the due diligence conducted by the Joint Sponsors, that there are no other matters relating to the foregoing proposed A-Share listing that may affect the Company’s suitability for [REDACTED] on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange, and nothing material has come to the attention of the Joint Sponsors in relation to the aforesaid that should be brought to the attention of potential investors.

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to establish a financing and capital operation platform in the international capital market, establish diversified financing channels, deepen the Company’s brand influence and market awareness, optimize the investor structure, improve the internal governance structure and build a modern enterprise management system. For further details of our future plans, see “Future Plans and [REDACTED].

CAPITALIZATION OF OUR COMPANY

The following table sets out the shareholding structure of our Company as of the Latest Practicable Date and immediately upon the completion of the [REDACTED] (assuming the [REDACTED] Option is not exercised).

No.	Shareholder	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and [REDACTED] of the Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised and the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised)					
		Number of Unlisted Shares	Percentage of shareholding in the Unlisted Shares	Number of H Shares	Percentage of shareholding in the H Shares	Number of Unlisted Shares	Percentage of shareholding in the Unlisted Shares	Number of total Shares	Percentage of shareholding in the total issued share capital
1.	Starcraft Technology	46,933,525	12.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.	Mr. Li	47,670,825	12.5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3.	Jinshijia	5,926,870	1.6%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4.	Mr. Zhang Peng	6,717,460	1.8%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5.	Mr. Lyu Xiaotong	2,300,230	0.6%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6.	Xinyi Ruizhi ^{(1), (5)}	395,295	0.1%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7.	Xinyi Yunzhi ^{(2), (5)}	6,632,780	1.7%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8.	Xinyi Zhongzhi ^{(3), (5)}	2,667,420	0.7%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9.	LS 51World	66,209,905	17.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10.	Grandwin HK	6,582,410	1.7%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11.	SenseTime	8,776,425	2.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12.	Ms. Cui Jingtao	6,582,410	1.7%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
13.	Ningbo Meishan	18,650,040	4.9%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14.	First Moma Artificial Intelligence	4,640,506	1.2%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15.	Qingdao Mirrorverse ^{(4), (5)}	26,708,875	7.0%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
16.	Shanghai Oriental	8,159,210	2.1%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
17.	Zhonglv Juneng	5,099,431	1.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
18.	Sky9 51World	13,050,210	3.4%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
19.	Qingdao Yunchu	1,430,029	0.4%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
20.	SBI	2,987,160	0.8%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

No.	Shareholder	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and [REDACTED] of the Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised and the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised)					
		Number of Unlisted Shares	Percentage of shareholding in the Unlisted Shares	Number of H Shares	Percentage of shareholding in the H Shares	Number of Unlisted Shares	Percentage of shareholding in the Unlisted Shares	Number of total Shares	Percentage of shareholding in the total issued share capital
21.	Mr. Teng Rongsong	14,668,239	3.8%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
22.	Mr. Wang Tao	10,908,390	2.9%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
23.	Mr. Ren Zhenquan	1,181,505	0.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
24.	Ms. Qu Xiaopeng	787,670	0.2%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
25.	Xingshi No. 3	1,969,175	0.5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
26.	Chentu No. 11	1,969,175	0.5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
27.	Chentu No. 12	984,405	0.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
28.	Chentu Ruqi Xinyuan	4,922,755	1.3%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
29.	Ms. Wu Hong	8,419,090	2.2%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
30.	Mr. Ge Weidong	8,419,090	2.2%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
31.	Guohe Phase III	5,262,205	1.4%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
32.	Ningbo Chuangzhi	3,157,250	0.8%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
33.	Moore Threads	1,918,440	0.5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
34.	Haochen No. 1	3,157,250	0.8%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
35.	Mr. Zhang Huaian	3,527,401	0.9%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
36.	Chongqing Yulong Chongsu	2,085,714	0.6%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
37.	Ms. Li Xiuxiu	3,541,230	0.9%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
38.	Nanning Qianchuang	17,380,952	4.6%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Subtotal	382,380,952	100.0%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Public Shareholders	—	—	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total	382,380,952	100.0%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) Xinyi Ruizhi was established in the PRC as a limited partnership on December 13, 2019. As of the Latest Practicable Date, Ms. Hao Lili is its general partner. Economic interest of Xinyi Ruizhi was held by Ms. Hao Lili and three limited partners, including Ms. Zhang Yuwei, our executive Director (holding 40.0% of the economic interest), Ms. Du Jinyan, secretary to the Board, chief legal officer and one of our joint company secretaries effective upon [REDACTED] (holding 10.0% of the economic interest), Ms. Hao Lili (holding 20.0% of the economic interest) and another employee of the Group (holding 30.0% of the economic interest). Pursuant to the partnership agreement of Xinyi Ruizhi, the general partner of Xinyi Ruizhi is responsible for the management of affairs of Xinyi Ruizhi, including exercising its voting rights in our Company. As of the Latest Practicable Date, the investments made by the partners of Xinyi Ruizhi have been fully paid-up.
- (2) Xinyi Yunzhi was established in the PRC as a limited partnership on December 13, 2019 and was originally a follow-on investment platforms of employees of Modern Land Group. See “—Major Corporate Development of our Group—Establishment of our Company” and “—Major Corporate Development of our Group—Adoption of the VIE structure and its subsequent termination.” As of the Latest Practicable Date, Han Zhuang, our capital operation director (资本营运总监) under our finance department and an employee of our Group, is its general partner and its economic interest was held by the general partner and 37 limited partners, including two employees and a former employee of the Group and the others being Independent Third Parties. None of the limited partners holds more than 30% of the economic interest therein. Pursuant to the partnership agreement of Xinyi Yunzhi, the general partner of Xinyi Yunzhi is responsible for the management of affairs of Xinyi Yunzhi, including exercising its voting rights in our Company. As of the Latest Practicable Date, the investments made by the partners of Xinyi Yunzhi are fully paid-up.
- (3) Xinyi Zhongzhi was established in the PRC as a limited partnership on December 13, 2019 and was originally a follow-on investment platforms of employees of Modern Land Group. See “—Major Corporate Development of our Group—Establishment of our Company” and “—Major Corporate Development of our Group—Adoption of the VIE structure and its subsequent termination.” As of the Latest Practicable Date, Mr. Li Xiaoying, an employee of the Company, is its general partner and its economic interest was held by the general partner and 11 limited partners, including Mr. Li (holding approximately 4.23% of the economic interest), Mr. Wang Chenkang (holding approximately 11.64% of the economic interest) and ten other individuals, including employees of the Group and Independent Third Parties. None of the limited partners holds more than 30% of the economic interest therein. Pursuant to the partnership agreement of Xinyi Zhongzhi, the general partner of Xinyi Zhongzhi is responsible for the management of affairs of Xinyi Zhongzhi (save for matters that require the unanimous consent of all partners of Xinyi Zhongzhi under PRC laws), including exercising all of its voting rights in our Company. As of the Latest Practicable Date, the investments made by the partners of Xinyi Zhongzhi are fully paid-up.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (4) Qingdao Mirrorverse was established in the PRC as a limited partnership on December 24, 2019 and is our employee shareholding incentive platform under our [REDACTED] Share Incentive Scheme. Nanjing Mirrorverse No. 1 Management Consulting Partnership (Limited Partnership) (南京萬物鏡像一號管理諮詢合夥企業(有限合夥)) (“**Nanjing Mirrorverse No. 1**”) is the general partner of Qingdao Mirrorverse. The sole general partner of Nanjing Mirrorverse No. 1 is Ms. Hao Lili, an employee of the Company. See “Statutory and General Information — 4. Our Incentive Schemes — A. [REDACTED] Share Incentive Scheme.” Pursuant to the partnership agreement of Qingdao Mirrorverse, the general partner of Qingdao Mirrorverse is responsible for the management of affairs of Qingdao Mirrorverse (save for matters that require the unanimous consent of all partners of Qingdao Mirrorverse under PRC laws), including exercising all of its voting rights in our Company. As of the Latest Practicable Date, all investments by the partners of Qingdao Mirrorverse are fully paid-up. As of the Latest Practicable Date, Mr. Li, Mr. Wang Chenkang, Ms. Zhang Yuwei, Ms. Tong Shan, Ms. Pu Ge, Ms. Du Jinyan, Mr. Kuang Peng, Mr. Hou Tao, Ms. Hou Jingjing, and Ms. Zhang Jing, an Independent Third Party, through limited partnerships effectively held approximately 26.18%, 3.06%, 0.55%, 1.04%, 0.59%, 0.82%, 0.11%, 1.15%, 0.11% and 0.75% of the economic interest in Qingdao Mirrorverse, respectively, and the remaining approximately 72.93% economic interests in Qingdao Mirrorverse were held by our employees and former employees who were not Directors, Supervisors or senior management of our Company and none of such employees or former employees held more than 30% of the economic interest.
- (5) Save as disclosed in “—LOCK-UP AND FREE FLOAT”, none of the Shares held by Xinyi Ruizhi, Xinyi Yunzhi, Xinyi Zhongzhi and Qingdao Mirrorverse and each of their respective general partners and limited partners are subject to lock-up restrictions.

Public float

Our Company has applied for H-share full circulation and the CSRC issued notice of filing on November 24, 2025 for the [REDACTED] of [REDACTED] Unlisted Shares into H Shares upon the [REDACTED]. Upon completion of the [REDACTED] and the conversion of certain Unlisted Shares into H Shares, the [REDACTED] Unlisted Shares held by the existing Shareholders, representing approximately [REDACTED]% of our total issued Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised and the share options granted under our [REDACTED] Share Option Scheme are not exercised), will not be considered as part of the [REDACTED] as these Unlisted Shares will not be converted into H Shares and will not be listed upon the completion of the [REDACTED].

In addition, upon completion of the [REDACTED] and [REDACTED] of certain Unlisted Shares into H Shares, [REDACTED] H Shares are to be held by [LS 51World (a substantial shareholder of our Company), Starcraft Technology (a company controlled by Mr. Li, our executive Director and substantial shareholder) and Mr. Li (our executive Director and substantial shareholder), respectively,]. These entities, which constitute the core connected persons of our Company, will, in aggregate, represent approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED]. These shares will not be counted towards the public float.

Save as disclosed above, upon the completion of the [REDACTED] and the [REDACTED] of certain Unlisted Shares into H Shares, [REDACTED] H Shares to be held by our Shareholders who are not our core connected persons, representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised), will be counted towards the [REDACTED]. Together with the issue of [REDACTED] H Shares pursuant to the [REDACTED] (assuming that the [REDACTED] is not exercised and the share options granted under our [REDACTED] Share Option Scheme are not exercised), representing approximately [REDACTED]% of our total issued Shares, approximately [REDACTED]% of our total issued Shares will be counted towards the public float.

Satisfaction of the Public Float Requirement

Based on the indicative [REDACTED] of HK\$[REDACTED] (being the low-end of the indicative [REDACTED]), HK\$[REDACTED] (being the mid-point of the indicative [REDACTED]) and HK\$[REDACTED] (being the high-end of the indicative [REDACTED]) per [REDACTED], the expected [REDACTED] of the H Shares of our Company would be approximately HK\$[REDACTED] million, HK\$[REDACTED] million and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

HK\$[REDACTED] million (assuming that the [REDACTED] is not exercised), respectively. Therefore, as the expected [REDACTED] of the H Shares of our Company is expected to be over HK\$[REDACTED] but not exceeding HK\$[REDACTED] based on the low-end and high-end [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], the minimum prescribed percentage of H Shares held by public at the time of [REDACTED] pursuant to Rule 19A.13A(1) of the Listing Rules would be the higher of (i) the percentage that would result in the expected market value of H Shares held by the public to be HK\$1,500,000,000 at the time of [REDACTED]; and (ii) 15%.

Based on the indicative [REDACTED] as disclosed above and assuming that the [REDACTED] Option is not exercised, the percentage that would result in the expected market value of H Shares held by the public to be HK\$1,500,000,000 will be approximately [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED]), approximately [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED]) and approximately [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED]), respectively. Therefore, pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum prescribed percentage of H Shares held by public at the time of [REDACTED] will be 15%.

It is expected that immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), a total of [REDACTED] H Shares (including [REDACTED] H Shares to be held by our Shareholders who are not our core connected persons and the [REDACTED] H Shares to be issued pursuant to the [REDACTED]). For further details, please refer to the paragraphs headed “Capitalization of our Company” and “[REDACTED]” above.), representing approximately [REDACTED]% of our total share capital upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) will be counted as part of the public float. Therefore, the Company will satisfy the public float requirement under Rule 19A.13A(1) of the Listing Rules.

LOCK-UP AND FREE FLOAT

The following Shares will be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules:

Name	Capacity	Number of Shares subject to disposal restrictions immediately following the completion of the [REDACTED]	Shareholding subject to disposal restrictions immediately following the completion of the [REDACTED] ⁽¹⁾	[REDACTED] period pursuant to Rule 18C.14 of the Listing Rules
<i>Disposal restrictions pursuant to rule 18C.14(1) of the Listing Rules</i>				
Mr. Li	Executive Director	[REDACTED]	[REDACTED]	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Starcraft Technology	Close associate of Mr. Li	[REDACTED]	[REDACTED]	
Mr. Wang Chenkang	Executive Director	[REDACTED]	[REDACTED]	

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name	Capacity	Number of Shares subject to disposal restrictions immediately following the completion of the [REDACTED]	Shareholding subject to disposal restrictions immediately following the completion of the [REDACTED] ⁽¹⁾	[REDACTED] period pursuant to Rule 18C.14 of the Listing Rules
Ms. Zhang Yuwei	Executive Director	[REDACTED]	[REDACTED]	
Ms. Tong Shan	Executive Director	[REDACTED]	[REDACTED]	
Ms. Pu Ge	Executive Director	[REDACTED]	[REDACTED]	
Mr. Kuang Peng	Supervisor	[REDACTED]	[REDACTED]	
Ms. Zhang Jing	Senior management	[REDACTED]	[REDACTED]	
Ms. Du Jinyan	Senior Management	[REDACTED]	[REDACTED]	
Mr. Bao Shiqiang	Our chief technology officer, CEO of 51Sim and core R&D team member	[REDACTED]	[REDACTED]	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Mr. Hou Tao	Our Supervisor, R&D director and core R&D member	[REDACTED]	[REDACTED]	
Mr. Wang Yiyuan	Our deputy general manager of 51Sim and core R&D team member	[REDACTED]	[REDACTED]	
Mr. Wang Yongchao	Our senior architect and core R&D team member	[REDACTED]	[REDACTED]	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name	Capacity	Number of Shares subject to disposal restrictions immediately following the completion of the [REDACTED]	Shareholding subject to disposal restrictions immediately following the completion of the [REDACTED] ⁽¹⁾	[REDACTED] period pursuant to Rule 18C.14 of the Listing Rules
<i>Disposal Restriction pursuant to Rule 18C.14(2) of the Listing Rules</i>				
LS 51World	Pathfinder SII	[REDACTED]	[REDACTED]	Commencing on the date of this document and ending on expiry of 6 months from the [REDACTED]
Sky9 51World	Pathfinder SII	[REDACTED]	[REDACTED]	Commencing on the date of this document and ending on expiry of 6 months from the [REDACTED]

Notes:

- (1) The calculation is based on the assumption that no new Shares are issued under the [REDACTED] and the Pre-[REDACTED] Share Option Scheme, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].
- (2) This represents (i) [REDACTED] Shares directly held by Mr. Li; (ii) [REDACTED] Shares directly held by Starcraft Technology which is held as to 92.7% by Mr. Li; (iii) the indirect beneficial interest in [REDACTED] Shares through Mr. Li holding 4.23% of the economic interest in Xinyi Zhongzhi; and (iv) the indirect beneficial interest in [REDACTED] Shares through Mr. Li holding [26.18]% of the economic interest in Qingdao Mirrorverse. As Mr. Li does not control the exercise of the voting rights held by Xinyi Zhongzhi and Qingdao Mirrorverse in our Company, the indirect beneficial interest in [REDACTED] Shares and [REDACTED] Shares held by Mr. Li through Xinyi Zhongzhi and Qingdao Mirrorverse, respectively, are not included in the calculation of Mr. Li's control of voting rights in the Company. As a result, immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED] and no new Shares are issued under our Pre-[REDACTED] Share Option Scheme, and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED], Mr. Li will directly and indirectly control an aggregate of approximately [REDACTED] of the voting rights of our Company, while Mr. Li's beneficial interest in [REDACTED] Shares (approximately [REDACTED] of the issued share capital of our Company immediately following the completion of the [REDACTED] (on the assumption that no new Shares are issued under the [REDACTED] and the [REDACTED] Share Option Scheme, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED])) would be subject to the disposal restrictions pursuant to rule 18C.14(1) of the Listing Rules.
- (3) This represents the indirect beneficial interest in (i) [REDACTED] Shares through Mr. Wang Chenkang holding [11.64]% of the economic interest in Xinyi Zhongzhi; and (ii) [REDACTED] Shares through Mr. Wang Chenkang holding [3.06]% of the economic interest in Qingdao Mirrorverse.
- (4) This represents the indirect beneficial interest in (i) [REDACTED] Shares through Ms. Zhang Yuwei holding [40.0]% of the economic interest in Xinyi Ruizhi; and (ii) [REDACTED] Shares through Ms. Zhang Yuwei holding [0.55]% of the economic interest in Qingdao Mirrorverse.
- (5) This represents the indirect beneficial interest in [REDACTED] Shares through Ms. Tong Shan holding [1.04]% of the economic interest in Qingdao Mirrorverse.
- (6) This represents the indirect beneficial interest in [REDACTED] Shares through Ms. Pu Ge holding [0.59]% of the economic interest in Qingdao Mirrorverse.
- (7) This represents the indirect beneficial interest in [REDACTED] Shares through Mr. Kuang Peng holding [0.11]% of the economic interest in Qingdao Mirrorverse.
- (8) This represents the indirect beneficial interest in [REDACTED] Shares through Ms. Zhang Jing holding [0.75]% of the economic interest in Qingdao Mirrorverse.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (9) This represents the indirect beneficial interest in [REDACTED] Shares through Ms. Du Jinyan holding [0.82]% of the economic interest in Qingdao Mirrorverse and [39,530] Shares through Ms. Du Jinyan holding [10.00]% interest in Xinyi Ruizhi.
- (10) This represents the indirect beneficial interest in [REDACTED] Shares through Mr. Bao Shiqiang holding [2.73]% of the economic interest in Qingdao Mirrorverse.
- (11) This represents the indirect beneficial interest in [REDACTED] Shares through Mr. Hou Tao holding [1.15]% of the economic interest in Qingdao Mirrorverse.
- (12) This represents the indirect beneficial interest in [REDACTED] Shares through Mr. Wang Yiyuan, an Independent Third Party, holding [1.71]% of the economic interest in Qingdao Mirrorverse.
- (13) This represents the indirect beneficial interest in [REDACTED] Shares through Mr. Wang Yongchao, an Independent Third Party, holding [0.93]% of the economic interest in Qingdao Mirrorverse.

The Shares held by all the existing Shareholders, being [REDACTED] Shares will be subject to [REDACTED] for a period of 12 months commencing from the [REDACTED] pursuant to the applicable PRC laws.

Therefore, upon completion of the [REDACTED] and assuming the [REDACTED] is not exercised and the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised, (i) [REDACTED] Shares (representing [REDACTED] of the Company’s total issued Shares) will be subject to [REDACTED] from the [REDACTED], and (ii) all other [REDACTED] H shares (representing approximately [REDACTED] of the Company’s total issued Shares) will not be subject to any lock-up undertaking or requirements and will be free float Shares of the Company. For more details, see “Share Capital.”

Satisfaction of the Free Float Requirement

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED], must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK\$50,000,000; or (b) have an expected market value at the time of [REDACTED] of not less than HK\$600,000,000.

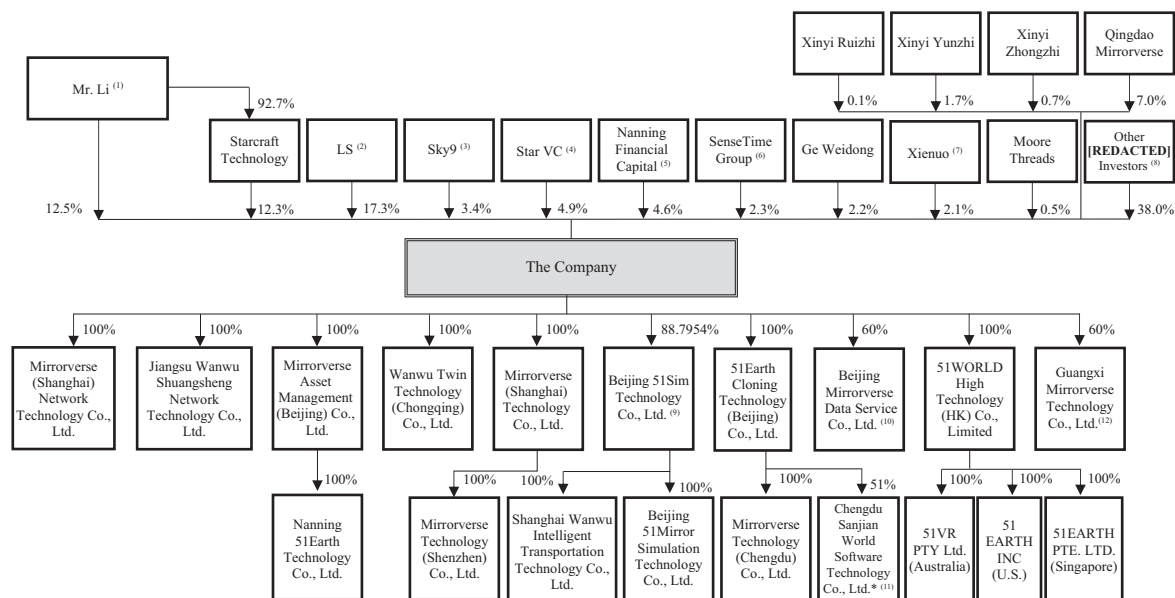
Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) cannot dispose of any of the Shares held by them. As such, H Shares held by the existing Shareholders as of the date of this document shall not be counted towards the free float of the H Shares of the Company at the time of [REDACTED]. Based on the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED], the Company is expected to satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE

Corporate structure immediately before completion of the [REDACTED]

The chart below sets out the corporate structure of our Group immediately before completion of the [REDACTED]:



Notes:

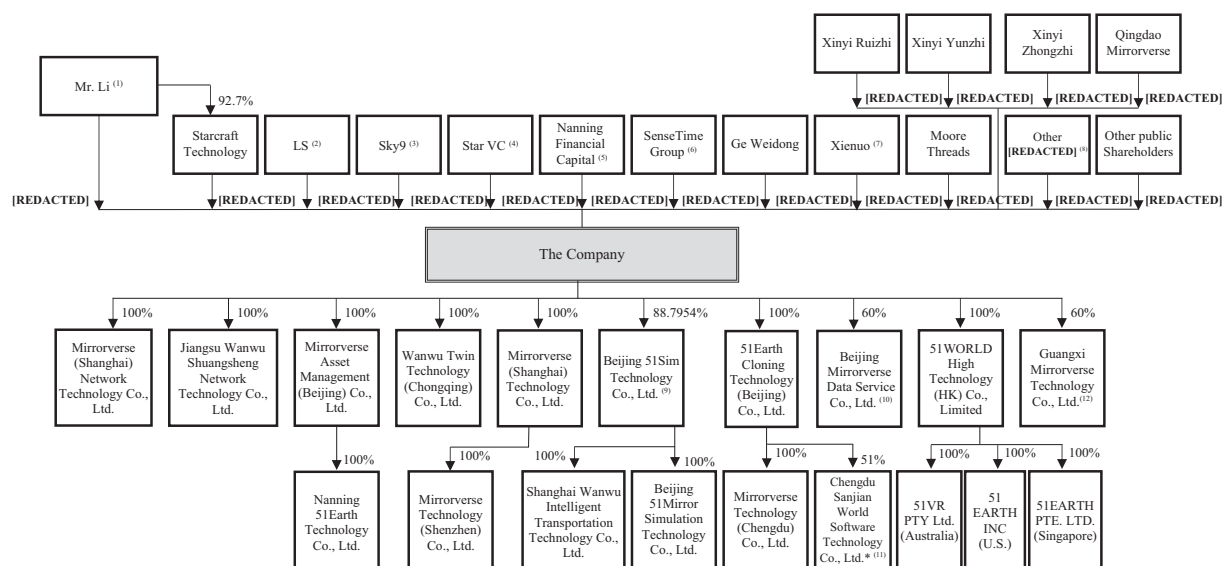
- (1) Mr. Li is an executive Director, chairman of the Board and the general manager of our Company and the ultimate beneficial owner of Starcraft Technology. The remaining 7.3% of Starcraft Technology is held by Xi'an Qujiang Puyao Aviation Investment Partnership (Limited Partnership)* (西安曲江普耀航發投資合夥企業(有限合夥)), an independent financial investor. See “Substantial Shareholder.”
- (2) Means LS51World. See “—HISTORY, REORGANIZATION AND CORPORATE STRUCTURE—Information about the [REDACTED] Investors—Our Pathfinder SII’s”.
- (3) Means Sky9 51World. See “—HISTORY, REORGANIZATION AND CORPORATE STRUCTURE—Information about the [REDACTED] Investors—Our Pathfinder SII’s”.
- (4) Means Ningbo Meishan Bonded Port District Zhongka Investment Management Limited Partnership* (寧波梅山保稅港區眾咖投資管理合夥企業(有限合夥)). See “—HISTORY, REORGANIZATION AND CORPORATE STRUCTURE—Information about the [REDACTED] Investors—Our other [REDACTED] Investors”.
- (5) Means Nanning Financial Capital Operation Management Co., Ltd. See “—HISTORY, REORGANIZATION AND CORPORATE STRUCTURE—Information about the [REDACTED] Investors—Our other [REDACTED] Investors”.
- (6) Means SenseTime. See “—HISTORY, REORGANIZATION AND CORPORATE STRUCTURE—Information about the [REDACTED] Investors—Our Other Sophisticated Independent Investor”.
- (7) Means, collectively, Chentu Ruqi Xinyuan, Chentu No. 11 and Chentu No. 12. See “—HISTORY, REORGANIZATION AND CORPORATE STRUCTURE—Information about the [REDACTED] Investors—Our other [REDACTED] Investors”.
- (8) See subsection headed “—Major Corporate Development of our Group” for a list of [REDACTED] Investors. See also subsection headed “—Information on the [REDACTED] Investors” for details.
- (9) As of the Latest Practicable Date, (i) approximately 4.7% of the equity interest was held by Shenzhen Anpeng Zhida Investment Partnership (Limited Partnership)* (深圳安鵬智達投資合夥企業(有限合夥)) (“Anpeng Zhida”). The general partner of Anpeng Zhida is Shenzhen Anpeng Equity Investment Fund Management Co., Ltd.* (深圳市安鵬股權投資基金管理有限公司) which is ultimately controlled by the Beijing Municipal People’s Government State-owned Assets Supervision and Administration Commission (北京市人民政府國有資產監督管理委員會). Anpeng Zhida has four limited partners, among which, (a) Hubei Ecotic Capital Holdings Co., Ltd.* (湖北文旅資本控股有限公司) which is ultimately controlled by Hubei Provincial State-owned Assets Supervision and Administration Commission (湖北省國資委) and (b) BAIC Group Industrial Investment Co., Ltd.* (北京汽車集團產業投資股份有限公司) which is ultimately controlled by Beijing Municipal People’s Government State-owned Assets Supervision and Administration Commission (北京市人民政府國有資產監督管理委員會), each holds 39.25% economic interest therein, (ii) approximately 2.2% of the equity interest was held by Mr. Dai Chuyuan (戴楚原), an Independent Third Party, (iii) approximately 2.2% of the equity interest was held by Shanghai Dongbingyiqi Corporate Management Partnership (Limited Partnership)* (上海東炳頤企業管理合夥企業(有限合夥)) (formerly known as Dongtai Dongbingyi Equity Investment Partnership (Limited Partnership)* (東台東炳頤股權投資合夥企業(有限合夥))) (“Shanghai Dongbingyiqi”). Shanghai Dongbingyiqi is owned as to [REDACTED] by Hainan Guangguangyi Venture Capital Co., Ltd.* (海南上光頤創業投資股份有限公司), which is ultimately controlled by Mr. Wang Xiaofeng (王曉楓), and 20% by Mr. Li Ji (李驥) and 70% by Ms. Pan Dongli (潘東麗), each being an Independent Third Party, (iv) approximately 1.3% of the equity interest was held by Jiuzhou Exploration (Zibo) Investment Partnership (Limited Partnership)* (九州探索(淄博)投資合夥企業(有限合夥)) (“Jiuzhou Exploration”). The general partner

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- of Jiuzhou Exploration is Jiaxing Puyao Chengrui Investment Partnership Enterprise (Limited Partnership)* (嘉興普耀澄瑞投資合夥企業(有限合夥)), which is ultimately controlled by Mr. Kong Qingwei (孔慶偉), an Independent Third Party, holding 19.8% of the economic interest therein. Jiuzhou Exploration has four limited partners, among which (a) Ms. Yuan Liqi (袁麗淇) and (b) Jiaxing Longyi Investment Partnership Enterprise (Limited Partnership)* (嘉興隆奕投資合夥企業(有限合夥)), which is ultimately controlled by Mr. Suo Qiang (索強), an Independent Third Party, each holds [REDACTED] of the economic interest therein, and (v) approximately 0.9% of the equity interest was held by Beijing Jutian Asset Management Co., Ltd.* (北京巨田資產管理有限公司), which is ultimately controlled by Ms. Chen Yiting (陳逸婷), an Independent Third Party.
- (10) Beijing Mirrorverse Data Service Co., Ltd.* (北京萬物鏡像數據服務有限公司) (“**Beijing Mirrorverse Data**”) was established in 2015 and is a wholly-owned subsidiary of the Company and assumed the functions of business reserve. Currently, Beijing Mirrorverse Data acts as the primary entity for 51Earth’s B2B business operations. In October 2024, the Company sold 40% of the issued share capital of Beijing Mirrorverse Data to Wanwu Yuanjian (Beijing) Information Consulting Limited Partnership* (萬物遠見(北京)信息諮詢合夥企業(有限合夥)) (“**Wanwu Yuanjian**”) at a consideration of RMB4,000,000, which was based on 40% of the registered capital of Beijing Mirrorverse Data. The transfer of shareholding in Beijing Mirrorverse Data is intended to foster creativity and enhance flexibility within the 51Earth business line. As of the Latest Practicable Date, 40% of the equity interest was held by Wanwu Yuanjian, a limited partnership established under the laws of the PRC whose general partner is Wu Yaguang (吳亞光), the director and general manager of Beijing Mirrorverse Data Service Co., Ltd.* (北京萬物鏡像數據服務有限公司) which is an insignificant subsidiary under Rule 14A.09(1)(b) of the Listing Rules, holding 52.5% economic interest therein. Wanwu Yuanjian (Beijing) has five limited partners, namely Mr. Li Zhuqing (李竹青), Mr. Liu Kangjun (劉康俊), Mr. Cao Zhen (曹振), Ms. Du Fei (杜菲) and Mr. Xiong Cing (熊星), holding 27.5%, 12.5%, 3.75%, 2.5% and 1.25% of the economic interest therein, respectively. All of the aforesaid limited partners are Independent Third Parties.
- (11) As of the Latest Practicable Date, 49% of the equity interest was held by Chengdu Suojian Suode Media Group Co., Ltd.* (成都所見所得傳媒集團有限公司), a company established under the laws of the PRC which is owned as to approximately (i) 45.00% by Chengdu Suojian Suode Brand Management Co., Ltd.* (成都所見所得品牌管理有限公司) (a company controlled by Fang Ke (方柯), an Independent Third Party, (ii) 45.00% by Chengdu Xingkong Tianji Technology Co., Ltd.* (成都星空天際科技有限公司) (a company wholly owned by Wu Xiaowei (吳曉薇), an Independent Third Party, and (iii) 10.00% by Zhao Jian (趙健), an Independent Third Party.
- (12) As of the Latest Practicable Date, 40% of the equity interest of Guangxi Mirrorverse Technology Co., Ltd. was held by Xinrong Xinchuang Digital Technology (Shanghai) Co., Ltd.* (新融信創數字科技(上海)有限公司), which was owned as to 95.0% and 5.0% by Zhidao Investment (Zibo) Partnership Enterprise (Limited Partnership)* (至道投資(淄博)合夥企業(有限合夥)) (formerly known as Zhidao Equity Investment (Zibo) Partnership Enterprise (Limited Partnership)* (至道股權投資(淄博)合夥企業(有限合夥))) (“**Zhidao Investment**”) and He Yu (賀宇), respectively. The general partner and limited partner of Zhidao Investment are Hainan Hanyingpuyi Corporate Management Co., Ltd.* (海南瀚盈普益企業管理有限公司) (“**Hainan Hanying**”) and Bi Yali (畢雅麗) holding [REDACTED] of the partnership interest therein, respectively. Hainan Hanying was owned as to [REDACTED] and [REDACTED] by Bi Yali (畢雅麗) and He Yu (賀宇). Each of Zhidao, He Yu (賀宇), Hainan Hanying and Bi Yali (畢雅麗) is an Independent Third Party.

Corporate structure immediately following the [REDACTED]

The chart below sets out the shareholding structure of our Group immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and the [REDACTED] granted under our [REDACTED] Share Option Scheme are not exercised):



Notes (1) to (12): Please refer to the details contained in the preceding page.

BUSINESS

OVERVIEW

About Us

We are a digital twin technology company in China. We have invested heavily in and developed core competencies in technology around three major areas: 3D graphics, simulation, and AI. We aim to provide eco-partners including enterprises, consumers and developers with solutions to access and build digital twins and work together with them to create a “Digital Twin Earth” which will in the end enhance the efficiency, safety, and quality of the real world as well as provide people with new perspectives and technologies to understand and improve our world. We refer to this initiative as our Earth Clone Project^{Note}.

We were founded in February 2015. Based on the significant growth in the amount of information data and the swift advancement of information carriers, our founder observed that real-time 3D would become the most effective way of information interaction after text, images, and video and is an inevitable outcome of the development of the information age. At that time, real-time 3D was mainly used in the field of games to immerse users in a virtual world of entertainment interaction. In light of the ongoing advancements in technology and the increasing focus on industrial applications, we have chosen to expand the scope of our real-time 3D capabilities to a broader field. Our aim is to build a 1:1 digital twin scene with the real world to enhance the efficiency, safety, and quality of the real world. We have consistently viewed this initiative as a driving force behind our Company’s growth and innovation. With our keen judgment and profound understanding of the industry, we believe creating a digital twin of the Earth can be broken down into five categories of elements, namely buildings, roads, plants, water, and terrain, and five stages, namely the static world, the dynamic world, the semi-simulated world, the fully-simulated world, and, the digital twin world.

Thus far, we have entered the fourth stage of creating a digital twin of the Earth, achieved real-time generation and rendering of the entire Earth (at L1 city-level accuracy) and successfully commercialized at scale the modeling technology underlying our core businesses that is capable of generating a city a day, which we have successfully demonstrated by generating a city in a day during the Track Record Period. Our goal is to complete the fifth stage in 2030, with the aim of solving real-world problems in areas such as traffic, AI training, spatial and temporal immersion, security warnings, climate prediction, and energy. In line with our vision, we have set a clear development path and achieved several milestones through continuous technological breakthroughs, product iterations, and scenario extensions:

- We are a digital twin technology in China, ranking first in the following key metrics for technology companies, according to Frost & Sullivan:
 - o We were the first in the digital twin industry to propose and consistently implement the Earth Clone Project;
 - o We ranked first in terms of revenue in 2024 in the digital twin industry;
 - o We ranked first in terms of the amount of financing in the digital twin market in China as of December 31, 2024;

Note:

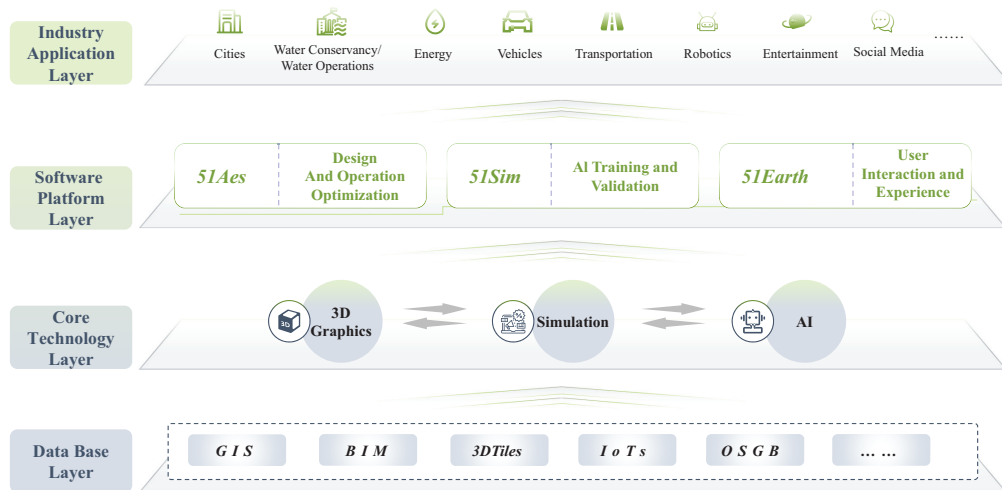
For the avoidance of doubt, the term “Earth Clone Project” is a project name only and the word “clone” in this context refers to creating a digital imitation or representation of Earth’s features and does not imply full accuracy replication or that we have created a complete digital copy of the entire Earth.

BUSINESS

- o We were the first to achieve revenue of HK\$250 million in a year in the digital twin industry in China;
- o We are the sole company in the digital twin industry capable of delivering comprehensive digital twin solutions; and
- We have formed three core businesses, namely 51Aes (Digital Twin Platform), 51Sim (Synthetic Data and Simulation Platform) and 51Earth (Digital Earth Platform), and have released commercialized products and solutions in all of these three business lines.
- We have abundant IP rights and play an active role in shaping domestic and international standards. As of the Latest Practicable Date, we had 265 software copyrights and valid authorized patents, and had participated in the formulation of 41 international, local and group standards for digital twins and related applications.
- We have built a substantial customer base. Since our inception, we have provided our products and solutions to more than 1,000 enterprise customers mainly in mainland China with our business also growing in other countries and regions.

Our Digital Twin Ecosystem

With our profound understanding and interdisciplinary application of the three core technologies of digital twin, namely 3D graphics, simulation, and AI, as well as our engineering and commercialization capabilities across these three technologies, we have gradually built up the 51WORLD digital twin architecture, including four layers: data base layer, core technology layer, software platform layer, and industry application layer.



Data Base Layer

Data is the foundation of our development. Our data comes from a comprehensive database of builders, developers, business partners, and in-house developers and in various models, such as GIS, BIM, 3DTiles, IoTs, and OSGB. According to Frost & Sullivan, we are the only company in China that masters the full-stack of synthetic data paths, including the route of simulation and graphic rendering, the route of scene reconstruction based on the radiation field, the route of generation based on video generation model, and based on which we have built comprehensive commercialized synthesis data solutions in the digital twin industry. Based on the self-developed digital asset platform, which mainly contains semantic information and model information, we will continue to improve data accumulation

BUSINESS

with the contribution of builders and business partners, and provide 51WORLD architecture and third-party ecosystems with data solutions for various industry applications.

Core Technology Layer

Technological capabilities serve as a key pillar of our industry leadership, and we are leading the way in three important technologies in the field of digital twins in China:

- **3D graphics.** We are a pioneer in the industry to adopt a series of innovative methods to process and fuse multi-source heterogeneous spatial data (diverse location-based data from different sources like satellites, sensors and maps), forming a comprehensive multi-source heterogeneous data fusion technology system to achieve more significant systematic technical advantages. We are a pioneer in China that is capable of generating all-element scenes with one click, achieves the coding and mapping capability of large-scale digital twins, and has the real-time scheduling capability of digital twin scenes at the level of city clusters.
- **Simulation.** We have accumulated a complete simulation technology chain and are the sole company in the digital twin industry that can provide full-stack simulation-related solutions. Our simulation technology has a wide range of applications, such as intelligent driving, intelligent transportation, engineering systems, natural environment, event emergency response and other extensive application scenarios, with extensive coverage of simulation technology and simulation applications in China.
- **AI.** We can use the data generated by the virtual scene to continuously train AI and expand simulation capabilities, which can help accelerate the iteration of AI algorithms and application maturity, forming a dedicated environment for AI training and development. We have introduced AI-assisted recognition and automated discrimination correction functions, which greatly improve the efficiency of the construction of digital twin bases and reduce the cost. Besides, we support real-time scene generation in the cloud.

Software Platform Layer

We have launched three major platforms in phases in line with market demand and technological maturity, which we refer to as the “three-curve” of our businesses.

First Curve: 51Aes Digital Twin Platform

51Aes, our digital twin development and application platform, established in 2015, aims to enhance enterprise customer design and operational efficiency. It is committed to realizing the transformation of digital intelligence across various industries. We pioneered the development of the digital twin scenario accuracy and application value grading system in China. The three core products of 51Aes include AES (All Elements Scene) digital base, WDP (WORLD Developer Platform, a digital twin SaaS platform), and ISE (infinite simulation engine). The industry solutions offered by 51Aes include 51CIM (City Information Modeling), 51WIM (Water Information Modeling), and 51XIM (Industrial and Energy Information Modeling), covering more than 10 sectors such as cities, parks, village, water conservation, water affairs, industry, energy, real estate, medical care, and education.

Second Curve: 51Sim Synthetic Data and Simulation Platform

51Sim, launched in 2017, is a leading synthetic data and simulation platform in China. Its core products include SimOne, a simulation platform for intelligent driving and robotics, DataOne, a data

BUSINESS

closed-loop and synthetic data platform, and TIM, a platform for traffic information modeling. Utilizing advanced data-driven simulation technology, distributed cloud simulation technology, end-to-end simulation technology, generative AI technology and other core technologies, 51Sim provides customers with software products and solutions for intelligent driving simulation testing and synthetic data used for AI system training. These products help developers better understand the performance of the intelligent driving system in different scenarios and continuously optimize and improve the autonomous driving algorithms to improve the safety and performance of the system. 51Sim is a mass-production oriented simulation platform in China, and has already provided commercialized services to hundreds of customers in the intelligent driving industry. Besides, several products of 51Sim have pan-industry extensibility, and are intended to build general simulation and synthetic data platforms for more industries.

Third Curve: 51Earth Digital Earth Platform

Launched in 2022, 51Earth embodies the history of our brand, technology and product development with a vision to create a digital twin world that is accessible to and contributable by both enterprises and consumers. We anticipate that 51Earth will become a platform for delivering digital experiences through diverse applications. This platform aims to bring together builders, developers and consumers, providing them with platforms, products and economic systems, to engage users around the world to participate in the Earth Clone Project and experience diverse application scenarios. Through these diverse applications, we strive to create distinctive experiences for consumers and drive sustained business growth and expansion. While the development and commercialization of 51Earth is a long-term goal, the platform is currently focusing on laying the groundwork by providing the digital twin assets required by See3 and Short3A developers while continuing to accumulate data to support its long-term vision. We launched 51Earth.com on March 1, 2024, offering free access to 51Earth Builder and 51Earth Dev Kit on July 1, 2024. As of the Latest Practicable Date, 51Earth.com has attracted thousands of builders and developers.

Industry Application Layer

Our industry solutions span over 10 sectors, such as cities, water conservation, energy, automotive, transportation, robotics, entertainment, and social media. Below are the advantages of our industry solutions.

- **Uniqueness.** In response to the massive data demands of the AI 2.0 era, we have developed a synthetic data platform by integrating advanced technologies such as graphic simulation, 3D reconstruction, and generative AI. This platform provides diversified and cost-effective synthetic data, offering comprehensive support for the development of embodied AI. Currently, our synthetic data boasts an authenticity rate of 90% scene controllability of 100%, and multi-sensibility consistency of 100%, significantly enhancing the efficiency and quality of data production.
- **Leadership.** We excel in development iteration and test validation for intelligent driving, providing industry-leading one-stop solutions that include data-driven closed-loop cloud simulation, end-to-end simulation, and X-in-the- Loop simulation. Our platforms feature a cloud-edge product architecture, enabling highly flexible deployment and management. Our perceptual and end-to-end simulation capabilities offer comprehensive simulations of real-world driving environments and complex scenarios to ensure the accuracy and reliability of results. These advanced technologies and solutions enable our customers to

BUSINESS

accelerate R&D and mass production of intelligent driving technologies, fostering rapid industry innovation. The current confidence levels for our dynamics simulation, LIDAR simulation, and camera simulation are up to 95%, 95%, and 90%, respectively.

- **Ease of use.** We provide our eco-partners with user-friendly digital twin software tools. Leveraging our extensive experience and technology in digital twin market across various fields, we have developed the WDP digital twin SaaS platform. By cloud-enabling the AES digital base and offering commonly used functions, we provide our partners with a flexible, efficient, and accessible tool platform. This platform can be utilized by industry end-users or secondary developers to create digital twin scenarios of relatively low complexity, reducing development costs by over 90% and increasing application development efficiency by 50%.
- **Scalability:** 51Earth’s latest technology generation facilitates seamless scaling of 3D generation and rendering from component-level (microscopic) to terrestrial (macroscopic) levels. Additionally, our real-time generation technology reduces the capacity of whole earth-level data significantly, extending the availability of data products from large enterprises and organizations to small and medium-sized enterprises and individual users. Our products support real-time generation and rendering either on endpoints or in the cloud, allowing end-users to experience and interact with the platform on various hardware devices, such as PCs, mobiles, and XR devices.
- **Comprehensiveness.** We offer the comprehensive solution by integrating various data types to build a real-time, panoramic twin system model. The Haidian City Brain, developed in collaboration with ZGC World and Baidu, enables real-time sensing of the city’s operational status, efficient resource deployment, and a notification system to facilitate timely response to urban safety emergencies. This system incorporates data from approximately 170,000 buildings, city components, and business systems (including more than 12,000 cameras and 10,000 sensors) with medium-precision coverage across Haidian and high-precision coverage in the 3 square kilometers of Zhongguancun’s West Zone. It ensures real-time perception of city operations, efficient resource allocation, and swift feedback on urban security issues.

Our Addressable Markets And Market Opportunities

A digital twin technology is a technology that employs 3D graphics, simulation and AI to generate a highly accurate, virtual replica of a physical object or a system such as a city building or a vehicle. The types of data handled by our Group to generate such virtual replica mainly include self-created data, the data purchased from suppliers, and the data generated by customers using our products. Self-created data primarily include 3D models generated and accumulated by us through the years of our operations such as general 3D models of trees, buildings and other daily objects. Data from suppliers and customers include physical data, energy data, environmental data (water/air/noise), and traffic data and traffic flow, etc., which include real-time data collected from the physical environment through sensors and machines. This virtual model can mirror the real-world counterparts in detail, allowing users to observe, analyze and predict how it behaves and changes over time. Digital twins are used in various fields to simulate and plan scenarios such as urban development, traffic management, and emergency response strategies with those impacting the actual environment. The addressable market of digital twin technologies can be broadly categorized into design and operation optimization, AI training and validation and user interaction and experience.

BUSINESS

Design and operation optimization.

Digital twin technology for design and operation, uses advanced sensors and data transmission to create a detailed virtual model of physical assets. This model helps in collecting real-time data, analyzing it with AI and feeding back insights to enhance the performance and efficiency of the real-world system. For example, in a water conservation facility, digital twins integrate data from reservoirs and hydrological stations to create a comprehensive model. This model enables flood early warning systems, optimize water resources, planning and monitors environmental conditions, thereby improving the facilities’ operational effectiveness and resources management.

AI training and validation

In AI training and validation, digital twins serve as a safe and scalable platform to test and refine AI algorithms. For example, by simulating real-world conditions such as varying weather patterns, traffic scenarios, pedestrian behavior and unexpected obstacles. Digital twins create a comprehensive testing environment that mirrors the complexity of actual driving situations. Additionally, synthetic data such as diverse road layouts and different vehicle types, can be generated and a wide range of sensor inputs allows for robust training data sets that covers scenarios not easily replicable in the real world. This approach helps developers of autonomous vehicles to meet performance standards and ensure safety and reliability before real world deployment.

User interaction and experience.

Digital twin technology enhances user interactions and experience by creating immersive and realistic virtual environments that reflect real world settings. It is used across sectors, including traveling, gaming and education. These solutions meet the growing demand for engaging life-like digital experience from exploring cities to touring historical landmarks. Digital twins offer users detailed and dynamic virtual scenarios that are enriched with interactions with both cultural and educational context.

BUSINESS

Our three business lines, namely 51Aes, 51Sim and 51Earth largely align with the aforementioned addressable markets. The table below sets forth additional details of these markets. For further details, see “Industry Overview.”

	Features	Drivers	Market Size
Design and Operation Optimization	Leveraging digital sensing, transmission and other cutting edging technologies to analyze the massive data generated from the physical world, forming an intelligent insights, then further feeding back into the physical world, thereby achieving continuous optimization and scientific decision-making on the physical world.	- Rising demand from enterprise-level customers - Expanding industry application scenarios - Continuous improvement of the ecosystem	The global digital twin design and operation optimization solution market size is projected to continue to grow from US\$7.4 billion in 2024 to US\$27.4 billion by 2029, at a CAGR of 30.0%. China’s digital twin design and operation optimization solution market size is projected to continue to grow from RMB7.5 billion in 2024 to RMB30.0 billion by 2029, at a CAGR of 32.0%.
AI Training and Validation	Using digital twins to create a simulation system for exploring, analyzing, and validating AI algorithms without the need for a physical system, and to generate synthetic data for AI algorithm training.	- Rising demand for autonomous driving simulation and testing - Rising demand for robot simulation and testing - Increasing difficulty in acquiring data assets and rising demand for synthetic data	The global digital twin AI training and validation solution market size is projected to continue to grow from US\$2.2 billion in 2024 to US\$8.9 billion by 2029, at a CAGR of 32.6%. China’s digital twin AI training and validation solution market size is projected to continue to grow from RMB4.4 billion in 2024 to RMB18.6 billion by 2029, at a CAGR of 33.5%.
User Interaction and Experience	Creating engaging, realistic virtual environments and objects that mirror real-world features, enabling users to engage in a range of activities that may be hard to access in the real world.	- Increased end-user demand for diverse and immersive interactions and experiences - Further integration with generative AI - Integration with AR/VR	The global digital twin user interaction and experience solution market size is projected to grow from US\$0.4 billion in 2024 to US\$1.7 billion by 2029, at a CAGR of 30.0%. China’s digital twin user interaction and experience solution market size is expected to grow from RMB0.4 billion in 2024 to RMB1.7 billion by 2029, at a CAGR of 37.5%.

BUSINESS

Entry Barriers of Our Industry

Technology and Data: Traditional information interaction methods are insufficient to meet the evolving needs of enterprises and consumers for information carriers and delivery quality. Digital twins have emerged as a crucial avenue for advancing the digital economy and facilitating the digital transformation of enterprises. The development of digital twins demands sophisticated technology, robust engineering capabilities, and advanced data access, presenting significant barriers to entry. Consequently, customers prefer to collaborate with companies that possess leading technologies and superior data acquisition and processing capabilities to achieve efficient upgrades and secure a first-mover advantage.

Talent and Ecosystem: The digital twin industry encompasses a wide array of complex application scenarios and objectives, necessitating in-depth research and the cultivation of diverse industry segments to create comprehensive, user-friendly, and highly scalable solutions. Thus, it is imperative to recruit interdisciplinary and composite background talents while enhancing technical investments. Additionally, ecological linkage is a vital industry barrier. By establishing platforms to build ecosystems and enable data integration, system integration, multi-party collaboration, and continuous innovation, we can connect with multiple ecological partners to achieve long-term sustainable development.

Brand and Reputation: In a market characterized by continuous innovation, customers’ needs are increasingly diversifying, demanding digital twin services that deeply understand these needs and offer comprehensive, varied products. As market expectations for product and service quality rise, leading companies in the digital twin industry are anticipated to distinguish themselves through accumulated customer recognition and brand influence. By cultivating a reputation and a reliable product image, leading firms can capture a larger market share and sustain their leadership position in the digital twin industry in China.

OUR STRENGTHS

Industry Leader in Digital Twin Market in China

We have established ourselves as a leader in the digital twin market in China, offering closed-loop data services and software products across the industry. Our advanced technology has positioned us as a leader in this sector. According to Frost & Sullivan:

- We were the first in the digital twin industry to propose and consistently implement the Earth Clone Project;
- We ranked first in terms of revenue in 2024 in the digital twin industry;
- We ranked first in terms of the amount of financing in the digital twin market in China as of the Latest Practicable Date;
- We were among the first to achieve revenue of HK\$250 million in a year in the digital twin industry in China; and
- We are the sole company in the digital twin industry capable of delivering comprehensive digital twin solutions.

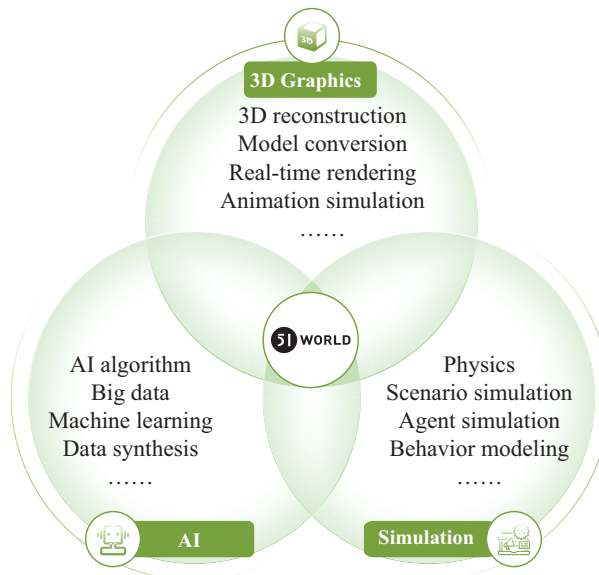
Our leadership in commercialization is evident across the digital twin market in China. 51Aes encompasses over 10 sectors, such as cities, parks, water conservation, industry, and energy. 51Aes has

BUSINESS

driven our sustained revenue growth, established digital twins as vital infrastructure for the digital economy, and strengthened our brand reputation. Additionally, our 51Sim initiative has emerged as a significant growth driver, with increasing revenue from collaborations with industry leaders, including leading OEMs, tier-one suppliers, and AI companies. Revenue from 51Sim increased at a CAGR of 22.5% from 2022 to 2024. Besides, we are dedicated to attracting and accommodating individual users through launching and upgrading 51Earth.com, and aim to unlock commercialization opportunities in the broader consumer market.

Leading Interdisciplinary Innovation and R&D Capabilities

Our innovation and integration of interdisciplinary knowledge are the cornerstones of our success. The transformation of key technologies into high-performance products and applications across various industry sectors solidifies our leading position. We possess in-depth expertise in 3D graphics, simulation, and AI, enabling highly integrated applications.



- ***We actively contribute to industry standards development in China.*** We are a member of the China Academy of Information and Communications Technology (CAICT) of the Ministry of Industry and Information Technology (MIIT), a member of the CIM standard group of the National Intelligent Standard Committee of the Ministry of Housing and Construction (MOHURD), a member of the German Association for Standardization of Automation and Measurement Systems (ASAM) and the China Working Group. Member unit of China Intelligent Networked Vehicle Industry Innovation Alliance, member unit of China Simulation Society Autonomous Driving Vehicle Simulation and Testing Specialized Committee. We participated in the formulation of 2 international standards, 9 national standards, 2 local standards, 2 industry standards and 26 group standards, participated in the research of 5 key government projects, and participated in the preparation of 34 white papers and industry reports.
- ***We have abundant IP rights and domestic and international awards and qualifications.*** As of the Latest Practicable Date, we had 158 software copyrights and 107 validly authorized patents. We have been awarded as a national Innovative and Outstanding “Small Giant” Enterprise with specialties, a national high-tech enterprise, a Beijing

BUSINESS

enterprise technology center, a Beijing enterprise technology research and development institution, a provincial and ministerial key industry technology platform, and one of the top 100 enterprises of the digital economy in Beijing in 2023, among others.

Our robust engineering capabilities translate our top-tier technology into practical products and solutions. Our specialized platforms, application solutions, synthetic data solutions, and spatial data assets offer comprehensive, advanced, and user-friendly one-stop solutions. We empower enterprises across various industries, enhancing their efficiency and competitive edge. We also collaborate closely with universities and research institutes to promote education and research. Consumers and other user groups will remain a key focus, ensuring our products deliver real-life experiences.

Stable Industry Partnerships and Brand Influence

Through our industry leadership and brand influence in China, we have attracted and established a stable industry collaboration framework, connecting dozens of upstream and downstream core partners in the field of hardware chips, operating systems, middleware, cloud computing, big models, application platforms and industry software. Our main partners include a global pioneer company of GPU-accelerated computing in gaming, professional visualization, data center and automotive, a leading global provider of ICT infrastructure and smart devices, a global leading interactive entertainment company and provider of 3D engine technology, a leading company in China specializing in software for voice and speech recognition and conversation, and among others. Additionally, we attracted developers in our partnership framework through our WDP platform.

We have cultivated a brand reputation, a crucial factor in capturing user loyalty. Since initiating the Earth Clone Project in 2017, we have organized annual large-scale industry networking events, such as the Earth Clone Conference, showcasing our technological advances. These events have significantly boosted our brand influence and industry synergies. As of the Latest Practicable Date, we had hosted seven Earth Clone conferences in major cities like Beijing, Shanghai, Shenzhen, and Suzhou, with participation growing from 200 companies initially to thousands in recent years. Building on this foundation, together with the China Academy of Information and Communications Technology (CAICT) and Suzhou Xinjian Yuan Holdings Group Co., Ltd. (蘇州新建元控股集團) we established the digital twin information technology innovation ecosystem alliance (數字孪生信創生態聯盟) in 2023 to foster stronger collaboration among domestic players across the digital twin value chain including, accelerating the domestic replacement across the digital twin industry value chain, advancing the formulation of digital twin technology standards, establishing standard and evaluation systems for digital twin technology, enhancing the interoperability and trustworthiness of alliance members' products, and creating demonstration cases for industrial technology innovation applications. We provide digital twin platform technology and solutions to the alliance, which has attracted fourteen organizations from various technological domains across the industry value chain from hardware chips, operating systems and middleware to cloud computing, large models, application platforms, and industry-specific software.

Scalable Commercialization Path

We are among the pioneers in the digital twin industry with mature technologies and products commercialized in various sectors. We offer our products and solutions primarily for sale, while offering WDP primarily for subscription. We expect to generate revenue from subscription and other value-added services through 51Earth in the future. Our diversified and flexible business model, wide-

BUSINESS

ranging industry applications, and broad customer base underpin our commercialization success and our leadership in revenue scale in China.

Our extensive customer base includes enterprise customers, university organizations, and content developers, and will include consumers across multiple industries in the future. Our digital twin solutions have been selected as typical cases published by the China Academy of Information and Communications Technology and the Internet Society of China for many consecutive years, reflecting continued recognition of our leading solutions in the digital twin industry. Since our inception, we had served more than 1,000 customers across more than 10 sectors, including a leading company in China specializing in software for voice and speech recognition and conversation, a leading AI company in China with internet foundation on search business, an AI company in China specializing in AI for IoT applications in consumer, city and supply chain. In particular, in the field of intelligent driving and transportation, we have served hundreds of customers, including leading OEMs, tier-one suppliers, intelligent driving AI companies and universities, and have established high customer recognition and brand awareness in this segment. In terms of internationalization, since our inception, our solutions have been deployed in 19 countries and regions and provided to more than 80 overseas customers.

During the Track Record Period, our revenue grew significantly. Our revenue increased by 50.8% from RMB170.0 million in 2022 to RMB256.3 million in 2023 and further increased by 12.1% to RMB287.4 million in 2024. Our revenue increased by 62.0% from RMB33.2 million for the six months ended June 30, 2024 to RMB53.8 million for the six months ended June 30, 2025. We believe that our accumulated brand recognition and multiple growth curves will continue to drive our business growth and gradually expand our leading position in the industry.

Insightful And Resilient Management Team With a Vision-Driven Culture

Our management team comprises visionary, resilient, and commercially insightful leaders. Since our inception, we have developed applications addressing industry-specific challenges across over 10 sectors, earning high customer ratings and achieving commercialization milestones. Our founder entered the digital twin industry in 2015, and our core management team has an average tenure of 8 years with the Company.

Our shared mission to create a more efficient, safer, and better real world drives our efforts. We value perseverance and commitment to overcoming challenges, a spirit that fuels our competitive edge and success.

OUR STRATEGIES

Our overarching strategy, vision, and mission are centered around creating digital version of Earth’s 510 million square kilometers. This ambitious endeavor aims to enhance the efficiency, safety, and quality of the real world. Our strategy unfolds in five progressive stages: the static world, the dynamic world, the semi-simulated world, the fully-simulated world, and finally, the complete digital twin earth. We aim to further solidify and enhance our industry leadership through relentless innovation and improvement.

We recognize three major challenges in the digital twin industry: data standards, creation costs, and application value. Moving forward, to achieve the fourth stage of our strategy, we will iterate and enhance our products around digital infrastructure, AI synthetic data, digital earth ecosystem

BUSINESS

development, and commercial expansion, with a particular focus on establishing an overseas marketing network and a team of skilled professionals. The details of our strategy are as follows:

Empower Digital Infrastructure through 51Aes

In the future, the 51Aes platform will integrate the five core competencies of Proposal (efficient evaluation and comparison), Planning (intelligent planning and deduction), Promotion (precise investment promotion and sales), Project (green building and construction), and Program (safe operation and management), all of which will be built on a unified urban database, to further develop a city digital infrastructure. Specifically, 51Aes platform’s five core competencies work in synergy to transform urban development. In terms of Proposals, the platform enables efficient evaluation of design proposals by integrating them with real-world elements such as terrain, waterways, and existing infrastructure, making design proposals more realistic and intuitive. In terms of Planning, its intelligent deduction capabilities leverage comprehensive data on land use, population, and traffic flows to simulate and optimize development scenarios, ensuring plans align with both current conditions and future needs. In terms of Promotion, through advanced visualization capabilities, the platform presents planning outcomes in an immersive digital environment, effectively bridging the gap between concept and reality for stakeholders. In terms of Project, the platform’s green building and construction capabilities enable real-time monitoring of construction progress while simulating environmental impact, energy consumption, and resource utilization, helping achieve sustainable development goals. Additionally, in terms of Program, its safe operation and management features provide comprehensive monitoring of urban infrastructure operations, integrating real-time data from multiple sources to enable predictive maintenance and risk management. These capabilities, built upon our unified urban database, form a comprehensive solution that advances urban development efficiency while promoting sustainability.

The city digital infrastructure is not a traditional CIM platform. Rather, it is based on the current state of the city and the overall planning, and can interact with multi-dimensional indicators such as demographics, economy, architecture, industry, transportation, supporting facilities, finance, and more. We will also be implementing simulation to transform the planning process from static to dynamic. By doing so, we will be creating new digital twins and data elements, which will serve as the foundation for a new quality productivity standard. We believe this will empower people to live better lives and drive the next phase of urban renewal and construction.

Leveraging 51Earth’s real-time generation and update technology, we aim to launch a new generation of AES6 city baseboard products, with WDP providing fully localized hardware and operating system support. Furthermore, we intend to expand the number of WDP developers, introduce three new digital infrastructure layouts for large and medium-sized cities on an annual basis via the 51CIM platform, sustain customer growth through the 51CIM platform, and concentrate the 51WIM platform on servicing major water institutions in China.

Our 51XIM platform is also designed to target enterprises aligned with the Made in China 2025 initiative and the digital upgrade needs of China’s major power grids. Made in China 2025 serves as the first ten-year action plan in China’s strategy to become a global manufacturing powerhouse. The primary objective of current phase is to enhance the manufacturing capability through specific measures, including manufacturing process simulation, digital control and real-time monitoring. The 51XIM platform leverages digital twin technology to construct real-time and comprehensive 3D models, enabling the manufacturing companies to simulate the manufacturing process and conduct

BUSINESS

digital control and real-time monitoring on the platform. For example, as demonstrated in our collaboration with China Railway Engineering Equipment Group detailed in “Business — Our Products and Solutions — AES — 51XIM: Industrial and Energy Information Modeling”, our platform enables comprehensive digital twin modeling of shield machine production, integrating data from personnel, vehicles, equipment, and the environment to optimize manufacturing processes and ensure production safety. Additionally, the 51XIM platform also facilitates the construction of electric grids by simulating the power grid construction process and conducting real-time monitoring, enabling intelligent decision-making and preventing potential risks that could occur during construction. As of the Latest Practicable Date, we are engaged in over 30 projects with key stakeholders in the power sector for the construction of power grids, power stations, and electrical substations.

Additionally, the 51Aes platform integrates digital twin geological baseboards with geological disaster early warning models to enable the visualization of underground resources, which can significantly enhance the understanding, management, and disaster early warning capabilities of underground spaces. By doing so, we can provide efficient decision-making support for multiple fields, including energy, environment, engineering, and urban development. The 51Aes platform will make the development and utilization of underground geological systems safer, more controllable, and more efficient.

Transform intelligent driving and embodied AI development through 51Sim

In intelligent driving, we have provided data and simulation testing products and solutions to renowned OEMs, tier-one suppliers, testing organizations, and research institutes, aiding in the mass production of intelligent driving technologies. We will continue to support the evolution of high-level intelligent driving through data-driven closed-loop simulation and end-to-end simulation, aiming to expand our intelligent driving customer base.

Furthermore, leveraging our extensive expertise in simulation, we will broaden the application scenarios of our simulation products, upgrading the SimOne platform to a general AI simulation platform, and combining it with the DataOne platform to accelerate the intelligent transformation of sectors such as embodied intelligence, construction machinery, and agriculture.

Recognizing the critical importance of data quality and scale in the AI 2.0 era, we have developed large-scale quality AI synthetic datasets and a toolchain for 3D data production. Our Synthverse AI synthetic data platform will provide comprehensive support for the development of intelligent driving and embodied AI with quality, diverse, and cost-effective synthetic data tailored for complex real-world environments and diverse needs. We intend to enhance our R&D investment in generative AI and promote its widespread application in simulation and synthetic data, thereby improving confidence levels and generalization efficiency while significantly reducing costs.

Connect builders, developers and consumers to drive real-time 3D interaction through 51Earth

We believe that real-time 3D interaction will surpass traditional mediums such as text, images, and video to become the most effective way to exchange information. Building on our history of technological innovation, product development, and brand evolution, we are launching the Earth Clone Project, a platform designed to engage users around the world in the creation of a shared and inclusive digital twin world.

BUSINESS

At the heart of this initiative is our commitment to empowering creators by providing the tools, resources, and training needed to develop innovative 3D and video content. By fostering a vibrant community of builders and developers, we aim to lower the barriers to entry for content creation and encourage global participation. As our platform grows, we will implement monetization strategies to incentivize contributors, creating a self-sustaining ecosystem that drives continuous innovation and growth.

In parallel, we are advancing immersive digital tourism with See3, a next-generation platform that reimagines how tourists experience cultural landmarks and destinations. By integrating cutting-edge AI, VR, and MR technologies, See3 delivers highly immersive, location-specific travel solutions and cultural experiences. With See3, we aim to transform the way cultural tourism is experienced, both onsite and virtually.

To further expand our influence in digital content creation, we are introducing Short3A, an initiative that combines AI-driven creativity with advanced 3D rendering technology. By integrating AI-driven creativity with advanced 3D rendering, we aim to provide a richer and more immersive visual experience. By collaborating with global creators, we plan to release Short3A content targeting major cities worldwide, leveraging a subscription model to drive revenue growth while redefining the traditional 3D content industry. As of June 30, 2025, See3 and Short3A have not reached commercialization and has not generated any revenue during the Track Record Period. For further details, see “—Path to Profitability.”

Expand global market reach with digital twin solutions

We anticipate substantial market opportunities for digital twin solutions in global market. According to Frost & Sullivan, the global digital twin solution market size will grow from US\$10.0 billion in 2024 to US\$37.9 billion in 2029, representing a CAGR of 30.6%. Consequently, we plan to further our internationalization strategy and rapidly increase our global market presence by entering new countries and regions. We have already established a foundation through pilot projects in countries such as Singapore, Turkey, and Australia.

In Singapore, we have developed a digital version of Singapore incorporating L1 city-level accuracy and L3 scene-level accuracy standards. This digital model supports critical urban management applications such as real-time traffic status monitoring, elevator operation monitoring, bridge health management, flood simulation, and weather simulation.

In Osmaniye of Turkey, we have deployed our core digital twin capabilities to support smart city development. Our solutions integrates IoT-enabled sensing and control systems, visualization capabilities, spatial analysis tools, simulation and virtual-physical interaction features. By targeting key urban areas such as public services, public safety, and precision governance, we will continue to make contributions to Turkey’s smart city initiatives while providing a replicable model for global urban innovation.

In Australia, we have partnered with the University of Melbourne to develop a smart campus project. This project involves creating a virtual version of the university’s new campus using real geographic information, integrating elements such as environmental data, road networks, campus layouts, and building types. By introducing a virtual multi-dimensional management system, we aim to establish new standards for intelligent campus operations that can be replicated at educational institutions worldwide.

BUSINESS

Building on our pilot projects, we plan to leverage connections established through Chinese enterprises’ overseas expansion under the Belt and Road Initiative, focusing initially on the Middle East. Following our Middle East expansion, we also plan to gradually enter other major markets including Southeast Asia, Europe, and North America, where we see demand for digital twin and simulation technologies. We believe our experience from the Singapore, Turkey, and Australia projects provides us with valuable insights and replicable models for this global expansion. During the Track Record Period, revenue generated from countries and regions outside of mainland China increased significantly from RMB5.7 million and RMB6.0 million in 2022 and 2023, respectively, to RMB18.2 million in 2024. While we generated RMB2.3 million in revenue from regions outside of mainland China for the six months ended June 30, 2024, we did not generate any revenue from regions outside of mainland China for the same period in 2025 primarily due to the project implementation cycles of overseas projects of 2025 which were still in the production and implementation phase. During the Track Record Period, we have not been subject to any material administrative penalties or regulatory actions in countries and regions outside of mainland China and our Directors believe our Group’s operations comply with laws and regulations in such countries and regions in all material respects.

To achieve these objectives, we will leverage our long-term cost and efficiency advantages in China, establish a global marketing network, adjust our organizational structure as needed, and build an overseas talent system aligned with local cultural values to enhance our global influence. We currently have subsidiaries or representative offices in Sydney, Australia, Silicon Valley, USA, and Riyadh, Saudi Arabia, and will strategically enter regions with high demand for digital twins and data simulation by participating in international exhibitions, establishing local marketing networks, and optimizing our global marketing team’s effectiveness. We intend to apply approximately [REDACTED], or [REDACTED], of the [REDACTED] from the [REDACTED] for global expansion initiatives. See “Future Plans and [REDACTED] — [REDACTED]” for details.

Foster elite talent for R&D and engineering excellence

We believe that interdisciplinary integration and innovation are crucial for the future growth of the digital twin industry. We will continue to attract R&D professionals with expertise in 3D graphics, simulation, and AI to expand our team, and retain existing talent through a competitive compensation system to enhance our R&D and engineering capabilities. We intend to apply approximately [REDACTED], or [REDACTED], of the [REDACTED] from the [REDACTED] for R&D personnel recruitment and retention. See “Future Plans and [REDACTED] — [REDACTED]” for details.

We will strengthen collaborations with top universities and research institutes globally, promoting industry-academia-research integration while recruiting talent from academic institutions to drive industry growth and professional development.

Moreover, to support our global expansion, we will recruit international professionals with sales expertise to implement our overseas growth plans effectively.

OUR PRODUCTS AND SOLUTIONS

We have three main brands and business lines: (i) 51Aes: Our digital twin platform, specialized in providing high quality digital twin services to enterprises, facilitating digital transformation across all industries, (ii) 51Sim: Our synthetic data and simulation platform, specialized in providing products and solutions for intelligent driving simulation testing and synthetic data used for AI system training, and (iii) 51Earth: Our digital earth platform, dedicated to significantly reducing the obstacles to creating 3D content, fostering creativity and innovation within the community, and providing consumers with exclusive 3D and video content from a new generation of creators by developing a

BUSINESS

platform that connects builders, developers, and consumers. We offer standardized products that can be delivered to and used directly by our customers without the need of additional customization or development. Where our customers have specific needs and uses for our products, we can also customize and tailor corresponding functions on a broadly flexible basis according to their instructions before delivering such products and solutions to them. During the Track Record Period, the majority of our revenue were generated from customized solutions tailored for various industry verticals. Our products and solutions are mainly offered on a project-by-project basis. Our products and solutions are primarily transaction-based, except for WDP, which is primarily subscription-based. Upon the instruction from our customers, we develop tailored solutions based on their specific needs and provide these solutions directly to them for installation and use on their own computer systems. For WDP, both public and private cloud environments may be utilized. The choice between public and private cloud is not determined by the compatibility of WDP with these environments but is instead based on the specific requirements of the customer.

Despite most of our products being developed respectively under our three main business lines above, most of these products are designed to be sold and function independently, providing flexibility to meet diverse customer needs. At the same time, to better address specific customer requirements, products from different business lines can also work together seamlessly as an integrated solution. For example, if we are engaged by a customer to build a smart park, we may utilize our 51Aes product to create a digital twin of the park, while integrating our 51Sim product to simulate crowd traffic within the park and deliver a more comprehensive traffic simulation. This flexibility and interoperability across our product portfolio enable us to create tailored, customer-specific solutions. In order to attract our customers to employ more products extending across different business lines or to adopt an upgraded version of the same product in our solutions tailored for them, we may offer certain discounts to our customers for such cross-selling and up-selling arrangements, which are based on arm’s length negotiations.

BUSINESS

The table below sets out a summary for how each of our products and solutions falls within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
51Aes	Metaverse technology: - Virtual reality (VR): technology providing lifelike simulation of reality synthetically or virtually	51Aes focuses on providing digital twin development and application services, encompassing various sectors such as cities, parks, water conservation, water affairs, industry and energy. Specifically, 51Aes supports the creation of a digital replica of real world environments to enable simulation and analysis for various scenarios such as city management, manufacturing and others.	Our customers for 51Aes products and solutions are mainly enterprises. According to Frost & Sullivan, China’s digital twin design and operation optimization solution market is primarily driven by rising demand from enterprise-level customers, expanding application scenarios, and continuous improvement of the ecosystem. For more details, see “Industry Overview—Digital Twin Solutions for Design and Operation Optimization—Drivers and Trends of China’s Digital Twin Design and Operation Optimization Solution Market.”	51Aes delivers comprehensive digital twin solutions with proven success across key sectors: - 51CIM: Beijing CBD Spatial and Temporal Information Platform creates a detailed 3D urban model integrating city-wide data systems. It enables visualization of the entire district, supporting emergency response management and traffic simulation for informed decision-making. - 51WIM: Digital Twin of Xiaolangdi project supports the crucial Yellow River water management hub, the Xiaolangdi Water Conservancy Hub. This virtual replica enables authorities to simulate scenarios for flood prevention, providing forecasting, warning, and preplanning capabilities. - 51XIM: Smart Manufacturing Factory implementations include China Railway Equipment’s digital twin platform for shield machine production, integrating data across all manufacturing stages from design to maintenance. For a premium international automaker, our factory implementation creates virtual replicas of production equipment with sensor integration, enabling real-time monitoring, anomaly alerts, and predictive maintenance while optimizing railway logistics to improve delivery timeliness.	Our 51Aes products and solutions are primarily priced based on scene and function customization. For scene, pricing depends on the level of digital twin accuracy and the size of the area—higher accuracy and larger areas result in higher costs. For function customization, the price is determined by the complexity and the required man-days—more complex functions and longer development time lead to higher pricing. Additionally, our WDP software is available as standard products on a subscription or license basis, with fixed pricing for each version. For 51Aes products and solutions, customers are generally required to pay the purchase price for perpetual license upon acceptance of our products or solutions. Revenue is recognized at a point in time when the software and the hardware (if applicable) are delivered to the customer’s designated place, inspected and accepted by the customer. WDP has two sales models based on specific customer demand, (i) an annual fee is charged on a subscription basis and revenue is recognized over the subscription period or (ii) for customers who prefer perpetual licenses, we charge customers the fixed price for perpetual license where customers make a one-time payment for indefinite usage rights.

For details, see “Business—Our Products and Solutions—51Aes—Industry Solutions.”

BUSINESS

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
51Sim	Electric and autonomous vehicles - The manufacturing and/ or deployment of autonomous vehicles and electric vehicles, and development of enabling technologies, including vehicles and trucks equipped with self-driving solutions Advanced transportation technology - The development of transportation technology (excluding electric and autonomous vehicles) and deployment of smart mobility systems including the application of information and communication technology in road transport, traffic management and safety and mobility systems	Based on the most advanced full-chain closed-loop simulation technology, scenario simulation technology, distributed cloud simulation technology, end-to-end simulation technology, 51Sim provides customers with software products and solutions for intelligent driving simulation and testing, help R&D personnel to better test the performance of intelligent driving technology in different scenarios, and continuously optimize and improve the intelligent driving algorithms to enhance the safety and performance of intelligent driving technology. The simulation focuses exclusively on the external environment and testing scenarios for autonomous driving, and does not involve the development or operation of actual driving systems or vehicle control mechanisms. TIM under 51Sim is a comprehensive application platform for optimizing and improving the operational efficiency and safety of the transportation system. Its objective is to facilitate decision-making in planning, construction, and management, enabling stakeholders to leverage the transportation system more effectively, enhance safety and efficiency, and improve the overall transportation experience. It also falls in the definition of advanced transportation technology. Furthermore, TIM Trans AI under 51Sim offers an application of large models in the transportation industry, which involve using large amount of collected real traffic trajectory data to train and build AI traffic agents through deep reinforcement learning, applicable to real traffic reconstruction and tracing. In addition, the products utilizes LLM technology to build a traffic language assistant, assisting traffic simulation software in quickly responding to user needs, summarizing documents, and other auxiliary functions.	Our customers for 51Sim products and solutions are mainly domestic OEMs and automotive primary and secondary suppliers. According to Frost & Sullivan, China’s digital twin solution market is primarily driven by rising demand for intelligent driving simulation and testing, robot simulation testing, and synthetic data. For more details, see “Industry Overview—Digital Twin Solutions for AI Training and Validation—Drivers and Trends of China’s Digital Twin AI Training and Validation Solution Market.”	51Sim provides advanced simulation solutions with proven success across key application fields: - Intelligent Driving: Developed a comprehensive data-driven closed-loop platform for a state-owned automobile enterprise, transforming raw driving data into training materials for Level 3 autonomous driving validation. Also developed a specialized system to test vehicle-to-everything (V2X) communication technology that allows cars to communicate with each other and with infrastructure for a government testing agency. - Perception Simulation: Integrated SimOne with a leading intelligent driving company’s computing systems, enabling engineers to test perception algorithms across various virtual scenarios before real-world deployment. - Traffic Simulation: Delivered a macro-to-micro traffic simulation platform for Beijing Transport Institute that enables closed-loop traffic simulation of integrated multi-level road networks, traffic forecasting, and analysis across various transportation modes.	When determining price for 51Sim products and solutions, we adopt a standard software-plus-service model. Cloud simulation services are charged based on the scale of deployment, while standalone software is priced per seat with perpetual licenses (following our price-per-seat licensing model where customers pay based on the number of user licenses or “seats” needed). For cloud and standalone software, discounts are provided for different tiers of bulk purchases. Service offerings primarily include customized software development (following our software-plus-service approach that combines standard licensing with tailored functionality development). For 51Sim products and solutions, customers are generally required to pay the purchase price upon acceptance of our products or solutions. Revenue is recognized at a point in time when the software and the hardware (if applicable) are delivered to the customer’s designated place, inspected and accepted by the customer.
AI	The development of AI technology including AI solutions which refers to the design and provision of AI solutions used in different industry verticals			For details, see “Business—Our Products and Solutions—51SIM—Industry Solutions”.	

BUSINESS

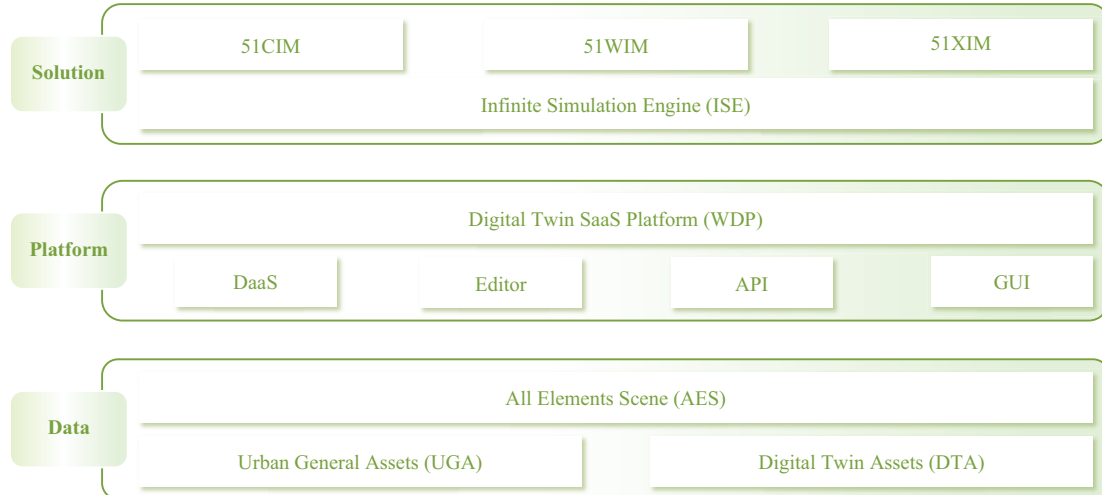
Specialist Technology Products	Specialist Technology Industry Acceptable Sectors	Main Function Analysis	Major Customer Type and Customer Demand Drivers	Case Study	Pricing and Payment
		It also falls in the definition of transportation technology (excluding electric and autonomous vehicles) and deployment of smart mobility systems including the application of information and communication technology in road transport, traffic management and safety and mobility systems. For further details of TIM and TIM Trans AI and their relation to advanced transportation technology (excluding electric and autonomous vehicles), see “—5ISIM—Core products—TIM” and see “—5ISIM—Industry solutions—Integrated traffic simulation solutions.”			
51Earth	Metaverse technology: - Virtual reality (VR): technology providing lifelike simulation of reality synthetically or virtually	Adopting the industry’s ultra-high precision and ultra-realistic 3D rendering engine and virtual digital man technology, 51Earth provided enterprises with a one-stop VR services to meet general public’s needs of daily meetings, online exhibition halls, internal training, product releases, and industry forums. 51Earth provides users with 3D digital assets and tools to build, develop and explore a virtual replica of the Earth (or constitutive areas and environments) that reduce the obstacles to 3D content creation. This eventually provides consumers with richer and more immersive 3D and video content from a new generation of creators.	Our customers and end users for 51Earth products and solutions are mainly enterprises with needs for VR services including online exhibition halls and digital meetings. With the development of See3, customers and end users of 51Earth will also include tourist destinations and tourists. According to Frost & Sullivan, China’s digital twin user interaction and experience solution market is primarily driven by increased end-user demand for diverse and immersive interactions and experiences, further integration with generative AI and integration with AR/VR. For more details, see “Industry Overview—Digital Twin Solutions for User Interaction and Experience—Drivers and Trends of China’s Digital Twin User Interaction and Experience Solution Market.”	51Earth developed a metaverse-based business-to-business-to-consumer (B2B2C) product for a museum. Through sophisticated cloud rendering technology and high-precision three-dimensional visualization technology, the product enables visitors to explore rendered cultural landscape without physical constraints. Users customize their digital personas, interact with fellow visitors, examine artifacts from a very close distant, and engage with cultural heritage through interactive storylines, all accessible via standard browsers without specialized software. Furthermore, in April 2025, we entered into our first See3 agreement in the tourism sector with a famous tourist destination in Sichuan. For details, see “Business—Path to Profitability—Enriching our business models, products and solutions.”	Our 51Earth products and solutions are primarily priced based on scene and function customization. For scene, pricing depends on the level of accuracy and the size of the area—higher accuracy and larger areas result in higher costs. For function customization, the price is determined by the complexity and the required man-days—more complex functions and longer development time lead to higher pricing. Going forward, with the launch of 51Earth.com and consumer-facing products such as See3 and Short3A, we expect to generate revenue from 51Earth from subscriptions and value-added services. As of June 30, 2025, See3 and Short3A has not reached commercialization and have not generated any revenue during the Track Record Period. For further details, see “—Path to Profitability.”

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the information above, each of our products and solutions falls within one or more acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules. Accordingly, our Directors confirm that all of our revenue were generated from Specialist Technology Products as defined under Chapter 18C of the Listing Rules.

BUSINESS

51AES

51Aes aims to help customers quickly build digital twin scenes through digital twin platform, facilitating digital transformation across all industries.



Underlying Components

- *All Elements Scene (AES)*

On the basis of real physical elements, AES is able to faithfully simulate 3D scenes with computer graphics and AI, to realize real-time rendering of ultra-large-scale scenes and individualized management of all elements.

Relying on computer graphics, big data, cloud computing and other technologies, AES can automatically or semi-automatically construct a digital twin world. AES can quickly convert various model files describing the real physical world into virtual scenes of the digital twin scene, such as:

- **Automated generation based on satellite orthophotos and GIS data:** AI algorithms can automatically generate urban scenes from orthographic images and GIS data.
- **Reconstruction and generation based on OSGB data:** Computer semantic recognition algorithm can automatically lightweight reconstruct based on oblique photography / lidar scanning.
- **Automated generation based on BIM data:** Automated transformation and generation based on BIM models, while retaining the catalogs and attributes of all components and parts.
- **Procedural generation of specific scenes:** Rapid generation of specific scenes based on procedural algorithms, such as transmission stations and power grids.
- **Constructing based on massive digital asset library:** Rapidly build scenes based on matching the features from massive digital asset library.
- **Reconstruction and generation based on photo topology:** 3D topology reconstruction and generation model based on real photos.
- **Rapid construction based on SaaS platform:** Secondary editing of scenes based on SaaS platform.

BUSINESS

The AES can be divided into five levels according to their reconstruction accuracies, with the models of each level varying from their data source and application scenario.

	<u>L1 city-level accuracy</u>	<u>L2 regional-level accuracy</u>	<u>L3 scene-level accuracy</u>	<u>L4 structure-level accuracy</u>	<u>L5 component-level accuracy</u>
Primary data	GIS	GIS, remote sensing data	OSGB, CAD	CAD, BIM, scanned models	CAD, BIM, scan, 3D printing data
Recommended sight distance	500 meters -20 kilometers	500 meters -20 kilometers (bird’s eye view)	20 meters -5,000 meters (overlooking)	5 meters -2,000 meters (roaming)	0.2 meter -100 meters (close-up)
Coordinate accuracy	within 5 meters (God’s perspective)	within 5 meters	within 1 meter	centimeter level	centimeter level
Coordinate accuracy	None	None	main components	all components	detail parts
Texture accuracy	None	satellite imagery	main components	ultra-clear texture maps	simulation
Application scenarios	provinces and cities, large-scale scenes of tens of thousands of square kilometers	the entire city, large-scale scenes of thousands of square kilometers	the whole district, medium-sized scenarios with hundreds of square kilometers	streets, small scenes within ten square kilometer	digital twin model components dynamically driven by real-time data

We divide the applications of AES into five stages: V1 visualizing, V2 data fusing, V3 data driving, V4 simulating, and V5 intelligent decision-making. After years of technical trials and practical applications, we have successfully implemented cases in each stage according to different requirements. V1 visualizing refers to reconstructing real-world scenarios into three-dimensional visualizations from vector data. V2 data fusing refers to integrating business data directly into scenes or business panels to improve understanding and application efficiency. V3 data driving refers to connecting IoT and other dynamically collected data to drive models in real-time, synchronizing digital twin behaviors with reality (such as production line data animating mechanical arms). V4 simulating refers to generating autonomous decision-making mechanisms for intelligent agents to model their behaviors and movements (like simulating crowd evacuation). V5 intelligent decision-making refers to combining digital twin and simulation technologies to model different outcomes based on varying parameters and autonomously determine optimal solutions, though this stage remains in exploration and has not yet been formally implemented.

Digital Twin SaaS Platform (WDP)

WDP is a user-friendly, digital twin application and development platform that provides developers with features such as multi-source data import, intuitive scene creation, low-code development, open APIs, and other digital twin development services.

Our WDP platform has undergone multiple iterations, evolving from version 1.0 to version 5.0, with each upgrade introducing enhancements in functionality and application scope. Starting with WDP1.0, which delivered cloud rendering and multi-device simultaneous display, WDP2.0 introduced

BUSINESS

a user and data management system along with support for virtualized deployment. WDP3.0 further advanced the platform by integrating digital twin development interfaces (based on JavaScript scripting language) and digital twin low-code development tools (designed for users without coding skills, allowing program logic implementation through drag-and-drop node connections), offering a comprehensive one-stop development toolkit for third-party digital twin application developers. With WDP4.0, a digital twin asset library and basic scene editor were added, while WDP5.0 integrated AES6 dynamic baseboard, real-time editing capabilities, and enabled industry-specific functionalities such as CIM, WIM, and XIM. Additionally, WDP5.0 achieved over a 50% performance improvement in its development interface compared to the previous version and fully supports localized trusted computing environments. Each iteration of the WDP platform is designed to deliver improved features and broader application scenarios, driving innovation and the adoption of digital twin technologies.

Leveraging our extensive experience and technology in digital twin services across various fields, we introduced WDP to offer a flexible, efficient, and versatile tool platform. It can be used by industry end-users or secondary development customers to develop digital twin scenarios with relatively low complexity, thereby reducing development costs. This not only lowers the cost for customers but also boosts market demand for digital twin solutions, expands market scale, promotes business innovation, and enhances the competitiveness of our products.

WDP can independently generate 3D baseboards based on spatial and temporal data, supporting in-depth applications such as continuous scene updates, mass rendering, and secondary development. The platform is user-friendly, easy to build with, flexible to expand, and compatible with multi-end technology. It can be applied in various fields such as urban planning, parks and buildings, industry and energy, water and environment, meeting diverse business needs like macro-planning, fine management, and simulation.

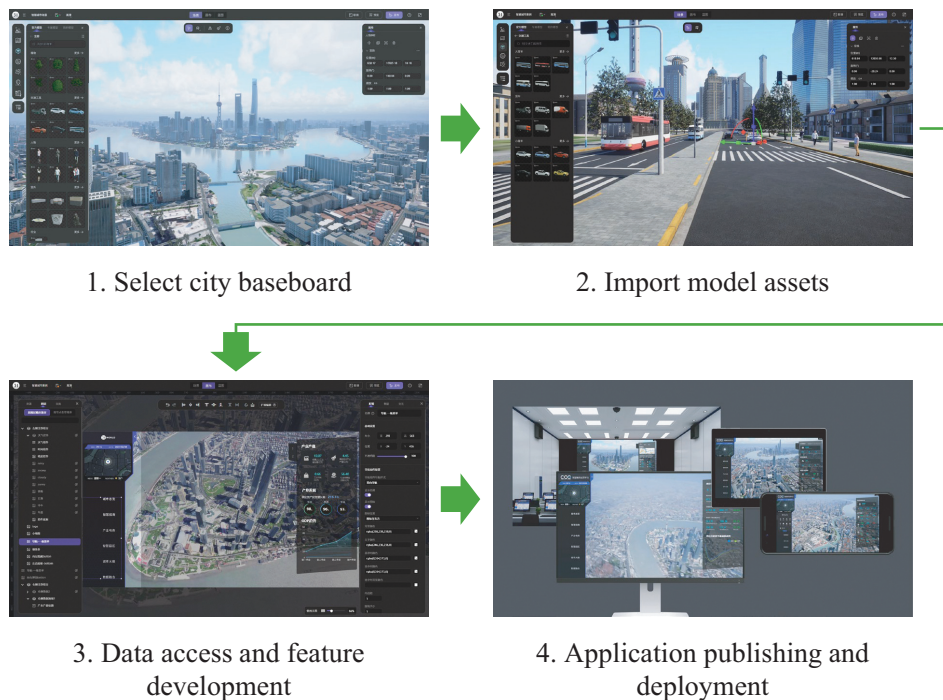
Key competitive advantages of WDP include:

- **Digital assets generated on-demand:** WDP generates tailored 3D digital platforms with L2 regional-level and L3 scene-level accuracy based on spatiotemporal data, supporting the rapid conversion and high-fidelity restoration of industry-specific 3D models in 15 different formats. It also enables users to autonomously create city base stations with L2 regional-level and L3 scene-level accuracy, complemented by AI intelligent completion that provides more comprehensive data elements and complete spatial representation.
- **Freestyle twin scenes construction:** Users can rapidly create twin scenes using a vast library of digital assets and user models. The platform supports the autonomous import and free placement of high-precision 3D models, and non-linear editing allows for efficient, unconstrained, and flexible creation of these scenes.
- **Flexible expansion of application functionality:** WDP allows for independent expansion based on a user-oriented, mature front-end development framework. It supports PPT-style, easy-to-learn no-code interface development and includes presets of official cases and panel templates for rapid user access.
- **Professional development made simple and convenient:** The platform offers a vast array of interactive interfaces for diverse digital twin scenarios, ensuring it meets various application needs. Additionally, the Web SDK provides low-threshold integration for efficient development and cost control.

BUSINESS

- **Multiple deployment options:** Users can choose standalone platform deployment to protect their data or opt for public cloud rendering services to reduce hardware investment costs. The platform also supports various hybrid deployment methods across different platforms.
- **Industry applications case library:** WDP includes a ready-to-import industry-based cases library and offers on-demand subscriptions to business suites with industry plug-ins.
- **Value-added services:** The platform provides base customization, model enhancement, data reconstruction, and exclusive features among other services.

WDP Software Usage Process



Infinite Simulation Engine (ISE)

ISE is a universal digital twin simulation engine. By providing the capabilities of Data Connection and Data Driven, ISE helps digital twin applications upgrading from V2 (data fusion) level to V3 (data driving) level. Furthermore, ISE also provides Simulation Event Management, Simulation Algorithm, and Simulation Visualization, which improve the digital twin applications to V4 (simulating) level.

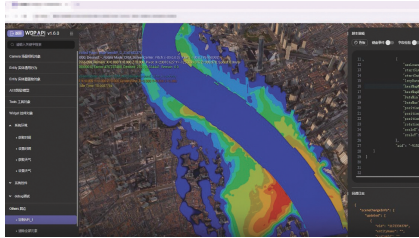
Key capabilities of ISE include:

- **Data-driven:** ISE provides data connection services with data from third parties, which can be used in static entity generation and dynamic entity data driven in digital twin scene.
- **Event simulation:** ISE supports comprehensive event simulation management, offering event editing capabilities and playback control functions.
- **Simulation algorithm:** ISE provides a variety of simulation algorithms to meet diverse simulation needs.

BUSINESS

- **Simulation visualization:** ISE delivers efficient visualization toolkits and simulation data analysis tools for interpreting the results of simulation algorithms.

Introduction to ISE’s typical functions



Fluid flooding



Data driven



Crowd simulation



Event simulation

Industry Solutions

51Aes encompasses over ten segments such as cities, parks, water conservation, water affairs, industry and energy, with a focus on three major areas.

51CIM: City Information Modeling

End use: Smart cities and parks

Main applications: Leveraging digital twin technologies, 51CIM integrates diverse data types from cities and parks to create real-time panoramic models to support decision-making in urban planning, management, and operations. For instance, integrating data on traffic, environment, and security helps optimize traffic flow, monitor air quality, and provide early warnings for security incidents.

BUSINESS

Use cases:

End Use	Case Name	Case Description
Smart City	Beijing CBD Spatial and Temporal Information Management Platform	The Beijing CBD Spatial and Temporal Information Platform creates a comprehensive digital version of Beijing’s Central Business District. It renders a detailed 3D urban environment that includes several square kilometres of L4 precision, dozens of square kilometres of L3 precision, and thousands of square kilometres of L2 precision, as well as nearly one billion triangular surfaces that load smoothly. The platform treats city data like building blocks - collecting, organizing, and connecting information from across the city in one place. It sorts this information into different categories with appropriate access permissions, allowing users to add their own data or use information from public sources. This creates a digital ecosystem where previously disconnected data systems now work together seamlessly. For government officials and businesses, this means they can visualize the entire CBD, simulate different scenarios, and make better-informed decisions based on comprehensive, up-to-date information rather than isolated data points. For example, through the Emergency Response function of the platform, comprehensive emergency event information (including fires, natural disasters, etc.) is provided via a 3D visualization interface. This enables integrated management, operational coordination, and efficient response, minimizing losses from emergency incidents. The platform’s dynamic display and simulation forecasting functions also enable our customer to visualize potential scenarios before implementation, providing authentic spatial data assurance for precision management across urban planning, city operations, transportation systems, and public security domains. Additionally, the Traffic Simulation function uses 3D scenarios to visualize real-time traffic flow. This allows officials to pinpoint accident locations, access detailed incident information, and make informed decisions. Traffic management personnel can leverage the platform's detailed 3D road environments and live traffic data to effectively coordinate on-site traffic control and emergency response efforts. The aforesaid capabilities allow urban administrators to make more informed decisions regarding resource allocation and management, directly enhancing operational efficiency and management standards throughout the Beijing CBD.

Set forth below are illustrations of the actual scenario of the Beijing CBD Spatial and Temporal Information Management Platform.



BUSINESS

In 2024, in response to increasing demand for rural digital transformation initiatives as villages across China seek to modernize and digitalize their infrastructure and management including through incorporating digital twin technologies, we delivered seven smart village projects. In smart village projects, we support digitizing village-level governance that helps improve administrative efficiency, enable real-time monitoring of rural ecological environments and simulation of crop growth cycles to assist scientific farming and ecological protection, and digitally preserve and promote cultural resources such as historical sites and folk customs. The application of digital twin design and operation optimization solutions in water conservancy sector, where 51CIM falls in, is projected to create a total addressable market over RMB40 billion in 2029.

51WIM: Water Information Modeling

End use: Smart water conservation and water affairs

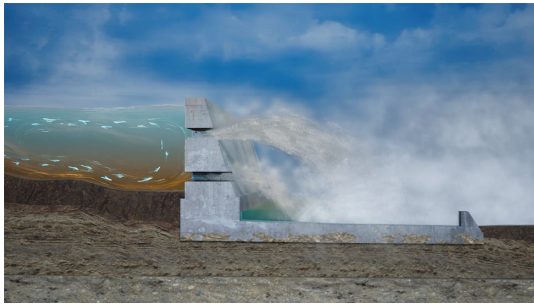
Main applications: Leveraging digital twin technologies, 51WIM integrates diverse data types within the water conservancy system to create a real-time, comprehensive model for decision making in water resource management and operations. By combining data from reservoirs, sluices, and hydrological stations, a digital twin model of the water conservancy system can be developed. This model can be used for applications such as flood early warning, water resource planning, and water environment monitoring. The application of digital twin design and operation optimization solutions in water conservancy sector, where 51WIM falls in, is projected to create a total addressable market over RMB50 billion in 2029.

Use cases:

End Use	Case Name	Case Description
Smart Water Conservation	Digital Twin of Xiaolangdi	The Xiaolangdi Water Conservancy Hub is a crucial control project for managing floods and regulating water and sediment flow in the middle and lower reaches of the Yellow River. It is also one of the initial pilot projects for Digital Twin Water Conservancy Construction. In collaboration with the Chengdu Surveying and Design Institute of China Electric Power Construction Group, we are fully involved in developing simulation engines and visual models for the Xiaolangdi Reservoir. These efforts support the business application scenarios for flood prevention dispatching and engineering safety, including forecasting, warning, previewing, and preplanning functions. This digital replica allows water management authorities to visualize and simulate various scenarios before they happen in the real world. The system supports critical operations like flood prevention planning, early warning systems, and safety monitoring. By leveraging real-time monitoring data and integrating hydraulic professional models, this system enhances forecast accuracy and extends forecast lead time. It achieves proactive simulation of all elements in the physical watershed and the entire process of water management activities, ensuring early risk identification, timely warning dissemination, advance scheme formulation, and preemptive implementation of mitigation measures by water management authorities. Managers can forecast potential issues, receive automated warnings, preview different operational scenarios, and develop contingency plans—all within a virtual environment that simulates the physical dam and its surrounding ecosystem. The system’s technological innovations have established it as a benchmark demonstration project within the industry, significantly elevating flood control safety assurance capabilities, optimizing water-sediment regulation efficiency, enhancing engineering safety assessment capacities, while effectively reducing operational management costs.

BUSINESS

Set forth below are illustrations of the actual scenario of the Digital Twin of Xiaolangdi.



51XIM: Industrial and Energy Information Modeling

End use: Smart industry and energy

Main applications: Leveraging digital twin technologies, 51XIM integrates diverse data types within industrial and energy systems to create a real-time, comprehensive model for decision making in these areas. By consolidating data from factories, equipment, and energy consumption, a digital twin model can be developed for applications such as optimizing production schedules, managing equipment maintenance, and conserving energy.

Use cases:

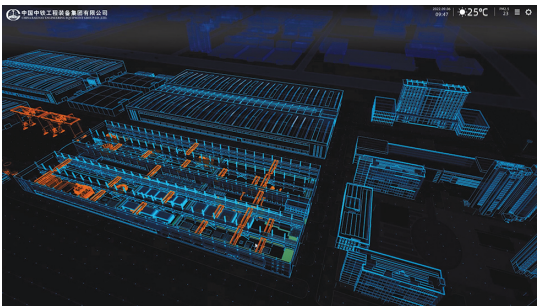
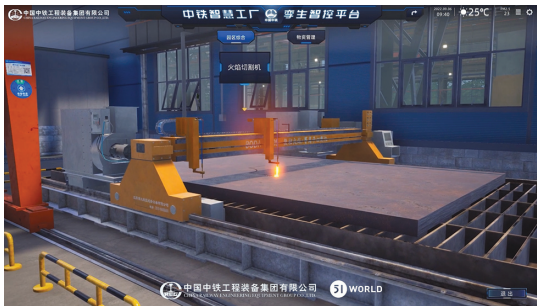
End Use	Case Name	Case Description
Smart Manufacturing Factory	China Railway Engineering Equipment Industry 4.0 High-end Equipment Industrial Park Digital Twin Platform	In collaboration with China Railway Engineering Equipment Group (China Railway Equipment), we have created a comprehensive digital twin system for their shield machine business. This digital replica covers the entire lifecycle of shield machines — specialized equipment used for digging tunnels — from initial design through manufacturing, operation, maintenance, and operator training.
		The platform creates a complete digital replica of the actual factory, bringing together data from workers, vehicles, equipment, and the factory environment. It integrates information across all production stages — from scheduling and material preparation to manufacturing and quality inspection. The platform provides real-time equipment status monitoring while enabling multiple practical applications including tracking production steps, equipment monitoring and simulation, improved data visualization, product component disassembly analysis, and factory safety management. These capabilities significantly enhance manufacturing quality and efficiency while optimizing production workflows across the facility. Furthermore, the predictive maintenance functionality of the platform also anticipates potential equipment failures before they occur, substantially reducing repair costs and minimizing operational downtime.

To ensure the system accurately synchronizes with the physical factory, we employed self-developed algorithms for that simulate equipment movements and provide real-time monitoring of operations. This gives factory managers a complete view of the entire production process, helping ensure manufacturing proceeds safely and efficiently.

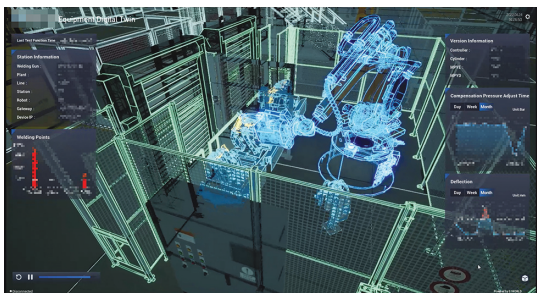
BUSINESS

End Use	Case Name	Case Description
Smart Manufacturing Factory	Digital Twin Factory for a premium international automaker	We collaborated with a premium international automaker to develop a comprehensive digital twin platform for their factory in China which enables real-time visualization of critical aspects of its operations, improving operational efficiency and decision-making. For instance, the production of a single automobile requires the coordinated assembly of tens of thousands of components. Efficiently allocating resources and locating specific materials in inventory has become a critical aspect of daily management operations. Through the construction of a digital twin logistics yard area, operators can easily view the entire yard layout within the digital space, examining important equipment such as containers, reach stackers, and trucks. By accurately connecting collected data with models, the digital twin system can map real-time on-site conditions and efficiently filter and present relevant information according to operational requirements. Furthermore, the production management system of the platform creates virtual replicas of production equipment integrated with real-time data from equipment sensors. This detailed digital twin allows factory managers to monitor equipment status, optimize processes, receive immediate anomaly alerts and implement predictive maintenance remotely. The platform also renders a digital replica of the facility’s logistics system that integrates real-time data of the railway systems that run through the facility. With most of the completed vehicles leaving via this railway, the digital twin enables automated scheduling and load simulation, improving delivery timeliness while reducing transportation costs.

Set forth below are illustrations of the actual scenario of 51XIM.



*China Railway Engineering Equipment Industry 4.0 High-end Equipment Industrial Park
Digital Twin Platform*



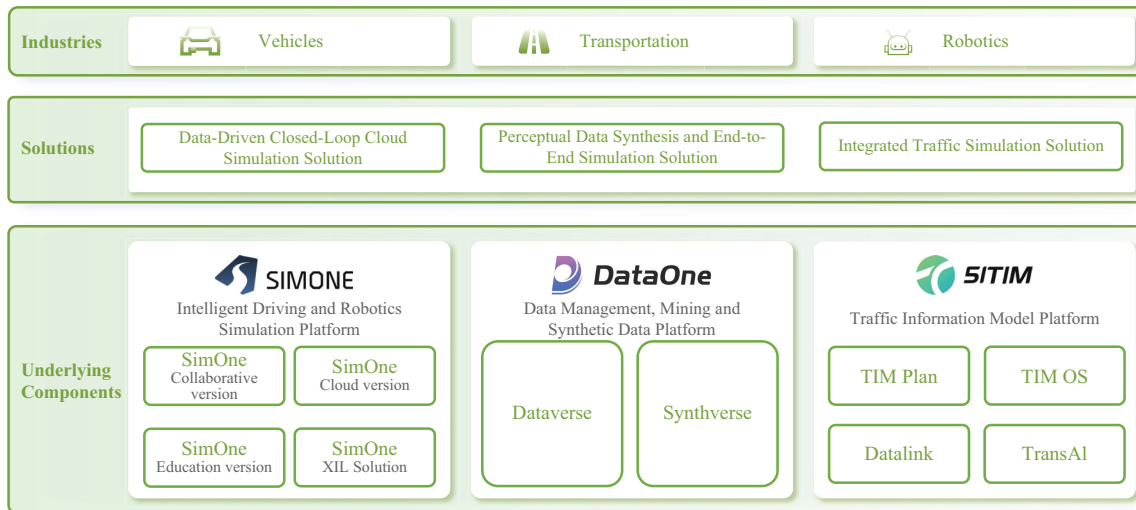
Digital Twin Factory for a premium international automaker

BUSINESS

In addition to the three main areas of use above, 51Aes also has applications in other areas, such as smart healthcare, smart sport, smart tourism, and smart agriculture, among others.

51SIM

51Sim is our synthetic data and simulation platform dedicated to leveraging data to drive advancements in AI and intelligent driving technologies, focusing specifically on simulating external driving environments and testing scenarios rather than vehicle control systems.



Underlying Components

SimOne

SimOne is our simulation platform for intelligent driving and robotics, which transforms the testing and validation process for intelligent driving and robotics systems. It offers a full-stack solution that integrates various simulation capabilities, enabling precise and efficient processes to simulate, analyze, and refine intelligent systems. SimOne is available as a standardized standalone product, while we also offer comprehensive integration packages that seamlessly connect SimOne with customers’ existing systems and include customized features beyond the standard software capabilities.

The key features of SimOne include:

- **Creation and Import of static environments:** Support creation of simulation map and automatic generation of 3D static simulation environment including highway, parking lot and urban areas. Also allow import of high quality 3D static environments and assets.
- **Test Scenario Creation and Editing:** Customizable creation and editing of test scenarios for diverse conditions, with support for importing testing scenarios transformed from real-world log data.
- **Sensor and Dynamics Simulation:** Realistic modeling of wide range of sensors (LiDAR, radar, cameras, ultrasonic) and vehicle dynamics.
- **Scenario and Traffic Simulation:** Detailed traffic and interactive testing scenario simulation.
- **Visualization and Playback:** Allows real-time visualization and detailed playback of simulations.

BUSINESS

- **Hardware-in-the-Loop (HIL) Testing:** Integrates physical hardware into the simulation loop for real-time validation.
- **Analysis and Evaluation:** Effective tools for evaluating the performance and safety of intelligent driving algorithms, including metrics and detailed reports to assess system behavior and improvement areas.

SimOne offers a comprehensive range of products and solutions tailored to meet the diverse needs of our customers. Our key offerings include:

- **Collaborative version:** the Collaborative version, as our flagship offering, is primarily designed for enterprise users. It operates on both local computers and a centralized data server, enabling the efficient circulation and sharing of simulation scenarios and data to facilitate collaboration among multiple users and teams.
- **Cloud version:** the Cloud version is built on a cloud-native Browser-Server (B/S) architecture, enabling users to create, execute, and analyze simulation tasks on the cloud via a web browser. By leveraging cloud computing capabilities, the Cloud version supports the concurrent execution of large-scale simulation tasks, allowing users to scale their operations efficiently and cost-effectively.
- **Education version:** the Education version restricts certain functions and built-in resources to meet the practical needs of research and education institutions in autonomous driving simulation at a lower cost. It strikes a balance between affordability and functionality, making it an ideal solution for educational purposes without compromising on essential features required for education and research.
- **XIL Solution:** The XIL solution is a bunch of testing solutions used for testing autonomous driving technology, helping to evaluate the performance of autonomous driving systems in different environments. It consists of four main types: Software-in-the-Loop (SIL), which tests the performance of the autonomous driving software in a simulation environment; Hardware-in-the-Loop (HIL), which connects the actual hardware with the simulation environment to check the collaboration between hardware and software; Driver-in-the-Loop (DIL), where a real driver interacts with the autonomous driving system to assess its usability and adaptability; and Vehicle-in-the-Loop (VIL), which brings a real vehicle into the test environment to examine the performance of the autonomous driving system on an actual vehicle. These solutions ensure the reliability and safety of autonomous driving technology at different development stages.

SimOne significantly reduces testing costs, improves efficiency, and accelerates the production of autonomous vehicles and robots. It enables extensive testing and validation in various scenarios, such as weather conditions, road situations and traffic dynamics, without the risks and costs of real-world testing. It facilitates rapid optimization and continuous enhancement of intelligent driving systems, ensuring better performance and safety. SimOne is committed to providing robust software solutions, empowering developers to refine algorithms and comprehensively test systems.

DataOne

DataOne is our data-driven closed-loop and synthetic data platform designed to support intelligent driving simulation testing and training. It integrates advanced data management, data mining and synthetic data generation capabilities to create a robust, high efficient data-driven pipeline.

BUSINESS

DataOne requires comprehensive customization to accommodate the diverse data types, collection methods, and existing data systems unique to each customer’s environment. It includes two products:

- **Dataverse:** Dataverse is a data platform developed for intelligent driving simulation testing. The platform has the capabilities of data cleaning, data processing, data management, data visualization, data transformation, among others, the data output from Dataverse can be imported to SimOne, together to facilitate data-driven closed-loop development and testing iterations.
- **Synthverse:** Synthverse is a synthetic data platform that can meet the synthetic data needs of different usage scenarios and AI training. Synthverse can automatically generate 3D scenes based on HD maps, restore specific scenes with high fidelity through 3D reconstruction technology, leverages generative AI to create diverse and complex scenarios, and produces realistic sensor outputs.

DataOne empowers intelligent driving developers with robust data management and synthetic data generation tools, significantly enhancing simulation testing efficiency. This enables rapid optimization and continuous improvement of intelligent driving systems, ensuring better performance and safety in real-world applications.

TIM

Transportation Information Modeling (TIM) is a comprehensive application platform for optimizing and improving the operational efficiency and safety of the transportation system through the comprehensive use of digital twins, big data, AI technology and other advanced means. TIM requires extensive customization to deliver tailored implementations that address each customer’s unique requirements, challenges and infrastructure. TIM comprises three major subsystems: the construction of spatial and temporal elements of transportation (TIM Datalink), multi-level integrated transportation simulation platform (TIM), and training and application services for large-scale transportation models (TIM TransAI).

- **TIM Datalink:** used for importing, generating, converting, editing, and standardizing spatial and temporal elements related to transportation (including base, land, building, and road network, as well as attribute data mounted on the above elements that affect transportation demand), the product is also used for converting and exporting the output data needed for various types of calculations.
- **TIM:** the multi-level transportation simulation platform, is adopting the modular design and microservice architecture, and provides the macro and micro transportation simulation services to help on the data analysis and traffic efficiency. The platform streamlines the user process by several key features including asset management, simulation management, and interactive result analysis. It also provides a comprehensive open interface OpenSDK for further development, users can use OpenSDK to query road network and simulation data, and perform customized evaluation and analysis. Furthermore, we have developed sub-products leveraging the capabilities of TIM. For instance, TIM Plan and TIM OS are sub-products specifically designed to address the diverse needs of our customers. TIM Plan focuses on planning and design, emphasizing macro, meso, and micro traffic simulation, while TIM OS is tailored towards traffic operational management, primarily driven by real-time traffic data.

BUSINESS

- **TIM TransAI:** is an exploratory application of a general large model in the transportation industry. It has formed a product architecture consisting of traffic perception, traffic cognition, traffic prediction, and traffic knowledge graph. Traffic Perception refers to providing synthetic data for training computer vision-related algorithms, applicable to the training and iteration of traffic perception algorithms. Traffic Cognition involves using large amounts of collected real traffic trajectory data to train and build AI traffic agents through deep reinforcement learning, applicable to real traffic reconstruction and tracing. Traffic Prediction uses historical traffic statistical data to forecast and simulate future traffic flow, speed, demand, and accidents over a certain period, applicable to traffic management, logistics management, and other fields. Traffic Knowledge Graph utilizes LLM technology to build a traffic language assistant, assisting traffic simulation software in quickly responding to user needs, summarizing documents, and other auxiliary functions.

TIM employs a combination of statistical and simulation models to optimize the use of transportation data, construct a digital representation of real-world scenarios, and gain insights into the underlying issues and root causes. The objective is to facilitate decision-making in planning, construction, and management, enabling stakeholders to leverage the transportation system more effectively, enhance safety and efficiency, and improve the overall transportation experience.

Industry Solutions

Leveraging the capabilities of SimOne, DataOne, and TIM, 51Sim primarily provides data-driven closed-loop cloud simulation solutions, perceptual data synthesis and end-to-end simulation solutions, and Integrated traffic simulation solutions.

Data-Driven Closed-Loop Cloud Simulation Solution

The data-driven cloud simulation solution leverages the high computing power and cost-efficiency of cloud simulation. It typically involves data processing and management works and software-in-the-loop simulation testing and completes the entire process in a cloud-based environment. This includes data collection, data processing, scene reconstruction, scene classification, simulation testing, test evaluation, and automatic deployment of algorithms. By doing so, it achieves a closed-loop system for intelligent driving data and testing.

The key features of data-driven cloud simulation solution include:

- **Data Collection:** Gathers vehicle and roadside data via variety of sensors.
- **Data Compliance:** Ensures data privacy through desensitization and densification, complying with regulatory standards.
- **Data Management:** Involves scenario mining, processing, and replay for comprehensive dataset utilization, we use our Dataverse products to facilitate this process.
- **Algorithm Training:** Trains perception, planning, and localization algorithms.
- **Simulation:** Utilizes LogSim and WorldSim for testing and validation of scenarios in virtual environments, we use our SimOne products to facilitate this process.
- **Deployment:** Deploys the trained algorithms into real-world vehicles for further testing and validation.

BUSINESS

Perceptual Data Synthesis and End-to-End Simulation Solutions

51Sim possesses core technological advantages in perception simulation, including the ability to construct highly realistic dynamic and static scenes. This includes the simulation of high-realism sensors such as cameras, LiDAR, millimeter-wave radar, and ultrasonic radar. Leveraging these capabilities, 51Sim has developed a data synthesis solution that can create environments with multiple randomized elements, generating diverse datasets. These datasets not only include simulated sensor outputs but also labeled outputs, enhancing the performance of perception systems.

A key strength of 51Sim’s solutions is its end-to-end simulation capability. This approach integrates various advanced technologies to create highly realistic testing environments, enabling comprehensive testing of AI systems and the entire hardware-software stack. The simulation covers a broad spectrum of road, traffic, and environmental conditions and incorporates various XIL (X in the Loop) testing methodologies, including HIL (Hardware in the Loop), DIL (Driver in the Loop), and VIL (Vehicle in the Loop). By leveraging end-to-end simulation, 51Sim ensures thorough evaluation and optimization of intelligent driving systems, enhancing their safety, reliability, and overall performance.

Integrated Traffic Simulation Solutions

Integrated traffic simulation solutions typically encompass a range of services, leveraging simulation technology to assess and optimize the performance of urban transportation networks. These solutions facilitate more informed transportation planning, management, and decision-making. By integrating simulation data with real-time data, they enhance planning, design, and operation management capabilities. This integration enables the delivery of several key features:

- **Macro and Micro simulation model:** the model is to simulate the flow process of different traffic participants (such as vehicles, pedestrians, bicycles, etc.) under certain traffic rules and road network conditions. TIM has build-in models for the purpose, meanwhile, is compatible of 3rd party traffic simulation software or algorithms.
- **Trajectory Reconstruction:** with the original discrete data, TIM uses self-developed MapService and series of algorithms to assure the rationality and continuity of trajectory.
- **Data Driven Analysis:** real-time and historical traffic data can help to understand the characteristics of traffic flow through data mining and analysis, TIM builds up the pipeline of collecting structured data via 3rd parties, simulation, prediction and insight.
- **Data Visualization:** TIM is capable of dual-engine, with the same database, WEBGL engine supports the collaboration while Physical engine allows large-scale rendering and customization.
- **Open SDK:** Flexibility of APIs, support access to millions of trajectories, point/line/surface data rendering, MapService, process configuration and is easy to extend to traffic planning, design, monitor and operation.

51Sim provides standard products and solutions, as well as customized software and hardware development tailored to customer needs, primarily serving automobile manufacturers (OEMs) and intelligent driving technology suppliers. Additionally, there is a growing demand for intelligent driving or transportation simulation from government testing agencies, universities, and research institutions.

BUSINESS

The following table illustrates use cases of 51Sim:

No.	Application Fields	Case Name	Product	Customer Type	Case Description
1	Intelligent Driving + Data-Driven Closed-Loop	Data-driven closed-loop platform for a state-owned automobile enterprise in East China	SimOne, DataOne	OEM	We collaborated with a state-owned automobile enterprise in East China to jointly develop a comprehensive system that streamlines the entire autonomous driving testing process. The platform takes raw driving data collected by the automobile enterprise and transforms it into useful information through our specialized data management, annotation, and simulation tools. The system generates quality sensor data, realistic driving scenarios, and properly labeled information that autonomous vehicles need to learn from. It creates a complete cycle -- collecting real-world data, processing it, using it to train autonomous driving systems, testing those systems in simulated environments, and evaluating their performance. This end-to-end solution helps the automobile enterprise efficiently test and validate their Level 3 autonomous driving systems before putting them on actual roads. The platform can identify critical edge cases that might otherwise remain undiscovered through conventional testing methods, enhancing vehicle safety and algorithm reliability. By enabling seamless transformation between real-world data and virtual environments, the platform accelerates testing cycles while reducing the substantial costs associated with physical road testing. The comprehensive data-driven approach establishes a continuous improvement loop that allows for rapid algorithm refinement, shortening development timelines and providing the customer with competitive advantages in bringing Level 3 autonomous driving technologies to market. These capabilities collectively reduce development costs, improve product quality, and support the customer's strategic goals for large-scale autonomous vehicle deployment.
2	End-to-end Simulation	Perceptual computing platform simulation test solution for a leading intelligent driving company	SimOne, DataOne	Tier-one supplier	In collaboration with a leading intelligent driving company, we connected their advanced computing systems directly to our SimOne simulation platform. This integration showcases SimOne's perception simulation capabilities — the ability to realistically simulate what autonomous vehicles see through their sensors. The combined system allows engineers to test how the company's perception algorithms interpret and respond to various virtual driving scenarios before testing in the real world. By supporting comprehensive testing of both software algorithms and physical hardware components with synchronized multiple data inputs, the system quickly identifies performance limitations, significantly shortening the time required to move from initial design to mass production. Additionally, the platform automatically generates useful perception training data, accelerating algorithm development and evaluation while reducing manual annotation costs. We will continue to demonstrate the effectiveness of perception simulation and work towards building the next generation of perception simulation systems.

BUSINESS

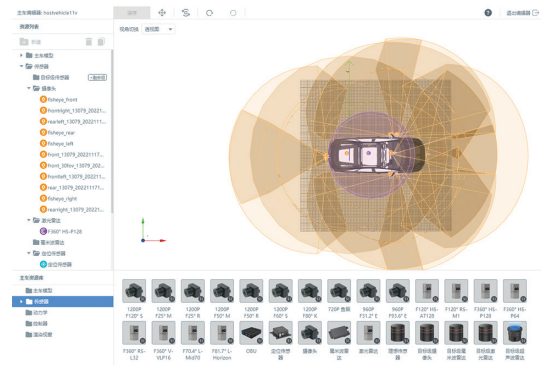
No.	Application Fields	Case Name	Product	Customer Type	Case Description
3	Intelligent Driving + Data-Driven Closed-Loop	Telematics C-V2X Communication Performance Test System for Shanghai Motor Vehicle Testing and Certification Technology Research Center Co., Ltd. (上海機動車檢測認證技術研究中心有限公司) (SMVIC)	SimOne	Government testing agency	For SMVIC, we created the “Telematics C-V2X Communication Performance Test System”, a specialized system to test vehicle-to-everything (V2X) communication technology — the system that allows cars to communicate with each other and with infrastructure. Our platform creates comprehensive test environments that can oversee and analyze real-time information of every vehicle and pedestrian in a simulated scenario. This gives, SMVIC an effective tool to evaluate and certify how well these communication systems work under various conditions, such as busy intersections, construction zones, and bad weather conditions, where actual communication devices can be tested in a safe environment, helping to ensure the safety and performance of connected vehicle technologies before being deployed on actual roads. By connecting hardware to these virtual scenarios, problems can be identified and fixed at an early stage, ensuring the vehicle communication systems work properly in all situations before being installed in actual cars on the road. Both road testing expenditure and time costs can be significantly reduced by replacing actual road tests with virtual simulations.
4	Integrated traffic simulation (TIM)	Macro-Micro Traffic Simulation Platform for Beijing Transport Institute	TIM	Transportation research institutions	In collaboration with Beijing Transport Institute, we have developed a next-generation integrated traffic simulation platform that operates across multiple levels. The platform enables a fully closed-loop traffic simulation process that includes creating integrated multi-level road networks, forecasting traffic demand, allocating traffic flow across the network, and providing interactive data analysis. The system can simulate various transportation modes including roadways, railways, and bus services, helping transportation planners understand and optimize complex urban mobility systems through detailed virtual testing before implementing changes in the real world. The platform addresses the pain points of Beijing Transport Institute in systematic integration and practical implementation, notably accelerating the engineering process of their research outcomes. The scalability of our platform allows for future integration of additional algorithms, providing a unified and universal support system to advance traffic simulation design across multiple provinces and cities.

BUSINESS

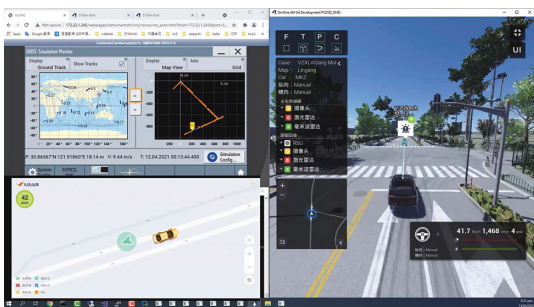
Set forth below are illustrations of the actual scenarios of the use cases of 51Sim.



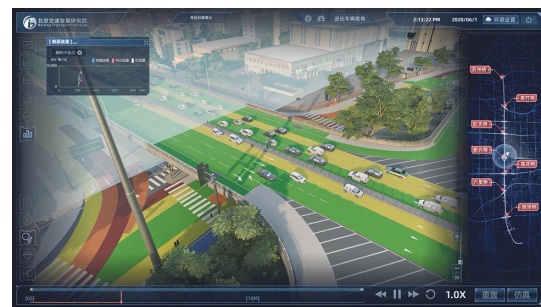
1. Intelligent Driving + Data-Driven Closed-Loop



2. End-to-end simulation



3. Intelligent Driving + Data-Driven Closed-Loop



4. Integrated traffic simulation (TIM)

51EARTH

Building on years of experience in digital twin and simulation technology, we are developing 51Earth, a platform offering a 3D interactive experience with high-precision global spatial data. The platform is designed to continuously expand across diverse application domains, providing consumers with increasingly rich 3D interactive experiences and is currently open to builders and developers at no cost.



BUSINESS

Supported by a wealth of digital assets, 51Earth aims to revolutionize the creation of 3D content by eliminating barriers, sparking creativity, and fostering innovation within a vibrant community. It will bridge builders, developers, and consumers, offering unparalleled 3D and video content crafted by a new generation of creators.

The primary users of 51Earth are intended to be game techies who are passionate about building, developing, and exploring the digital Earth. 51Earth.com provides them with the tools and community they need to bring their innovative visions to life. This dynamic ecosystem will ensure a constant flow of fresh, quality 3D experiences, which will in turn attract a vibrant consumer audience for these digital experiences.

As users immerse themselves in the captivating world of 51Earth, the platform will benefit from revenues from subscription and value-added services. The more time consumers spend on 51Earth, the greater the opportunities for growth and profit.

First launched in 2022, 51Earth first focused on providing a VR or metaverse platform for enterprises, bringing new experiences to corporate marketing activities. Through high-precision scene rendering and real-time cloud rendering technology, it helps clients create immersive presentation and interaction spaces that blend virtual and real elements. With content creation and visual experiences, it creates a 3D virtual world for users that combines entertainment, knowledge, and interactivity. During the Track Record Period, substantially all revenue from 51Earth was generated from such VR and metaverse offerings. Specific applications include online meeting and digital exhibition halls. 51Earth has since then evolved into an enhanced platform in 2024, marked by the launch of 51Earth.com on March 1, 2024, offering free access to 51Earth Builder and 51Earth Dev Kit on July 1, 2024.

We provide the following digital assets and tools for builders and developers to facilitate the development of the ecosystem:

Digital Assets

Urban General Asset (UGA)

UGA provides a comprehensive library of large-scale, highly scalable and interactive 3D urban environment models such as buildings, skyscrapers, roads, urban green spaces, suburban environments, forests and lakes etc., allowing developers to rapidly create video and 3D applications based on large-scale urban scenes by secondary development on mainstream engines such as Unreal and WDP. UGA supports modularized design, enabling developers to freely select, add, remove or modify each element at runtime, ensuring smooth support for over 1 million elements and over 100,000 square kilometers of scenes. As of the Latest Practicable Date, we have released UGA assets for Dubai, Singapore, Riyadh and Jeddah, ready to use and enriching developers’ creative resources.

Digital Twin Assets (DTA)

DTA provides users with a useful and flexible library of 3D virtual representations that model physical objects and systems. These digital twins meet a variety of 3D content development needs. DTA adopts the GLTF format as its foundation, ensuring the integrity and high compatibility of 3D information, and supporting seamless migration from modeling software to game engines, significantly improving work efficiency. Through unified cloud management, DTA assets can be viewed and referenced by developers anytime, anywhere, enhancing resource utilization and development convenience.

BUSINESS

The Whole Earth (TWE)

TWE is a high-precision digital twin earth engine based on 3D real-time generation and rendering technology, which supports the integration of heterogeneous data from multiple sources, such as GIS, DOM, DEM, and realizes real-time generation of 3D scenes through network streaming loading to create a one-to-one restoration of the digital earth. TWE covers global spatial data, covering buildings, parks, cities and other multi-scale information, and supports all kinds of 3D application scenarios from macroscopic to microscopic, providing users with a comprehensive and realistic digital earth experience.

Tools

51Earth Builder

51Earth Builder is a 3D scene creation and editing tool designed for 3D creators, 2D designers, and general users. Its graphical interface and modularized components streamline the process, reducing the complexity of operation. Users can easily create and edit 3D scenes without having to write extensive code.

51Earth Dev Kit

This tool is designed for use by developers. It currently supports two major engines, Unreal and WDP. Developers can use this tool to edit various elements, including roads, terrain, and waters. By dragging and dropping, they can perform point-level movement, rotation, scaling, and deletion operations for each element. With this tool, developers can create short videos, 3D games, and more.

While we believe the aforementioned tools and digital assets have potential for future commercialization opportunities, we currently do not have plans for commercial deployment of these products.

Application

Based on computer graphics engines, 3D rendering and AI technology, 51Earth in the progress of launching a series of immersive 3D experience products for consumers by utilizing the developer ecosystem of 51Earth Builder and 51Earth Dev Kit. While maintaining existing enterprise in VR offerings and providing products such as online meeting and digital exhibition halls whenever required by customers, set forth below are two specific areas that we are currently focusing on:

See3 (Virtual Tourism and Cultural Experience Platform)

In the field of tourism and cultural dissemination, See3 integrates technologies such as VR and MR to offer highly immersive virtual tourism solutions and cultural experiences. We aim to reshape the interaction between tourists and destinations through AI-driven virtual tour guide technology, personalized immersive interactive scenarios, and intelligent content recommendations. AI-driven See3 will not only allow users to remotely experience the iconic landmarks across the world but also provide tourists with digitized memories of their virtual journeys.

BUSINESS

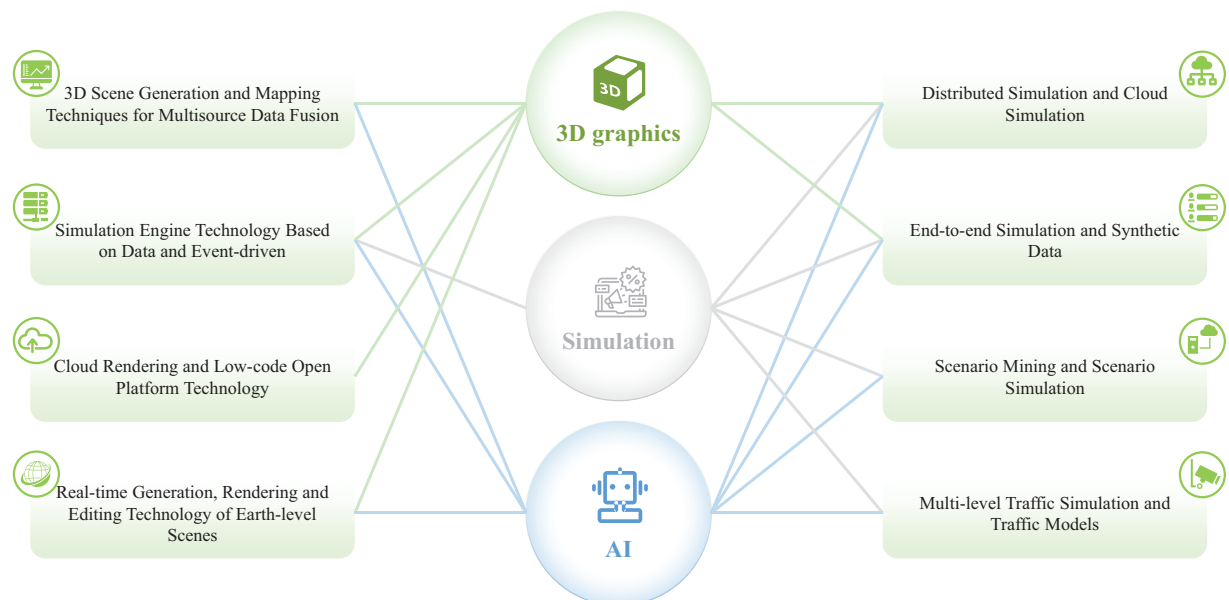
Short3A (3D Interactive Video Platform)

In the field of digital cultural content, Short3A offers high-precision 3D videos, covering a wide range of interest areas, from natural adventures to cultural experiences. For example, challenging journeys such as scaling the Himalayas can be transformed into immersive digital experiences, allowing audiences to feel as if they are personally experiencing such adventure. Such way of presentation of 3D videos will greatly enhance the expressiveness of digital media and therefore provide the audiences with visual experiences beyond what the real world can offer.

As of June 30, 2025, See3 and Short3A have not reached commercialization and have not generated any revenue during the Track Record Period. For further details, see “—Path to Profitability” below.

OUR CORE TECHNOLOGIES

After years of independent research and development, we have developed a number of core technologies in the field of 3D graphics, simulation, and AI, as follows:



Core technologies	Description and advantages	Categories
3D Scene Generation and Mapping Techniques for Multi-source Data Fusion	1. Digital twin project construction process involves a variety of different formats of data import, such as geographic information related GIS data, OSGB data, remote sensing data, building information model BIM data, etc., and multi-source data import is usually subject to the limitations of the software system scalability and compatibility. Through long-term research and development, the Company has formed core technologies such as processing BIM, OSGB, GIS data without relying on specific professional software, AI automatic scene completion, model lightweight reconstruction, etc., which converts the AES special data and provides an efficient and stable data source for automatic generation. 2. AES base is the core technology for large-scale scene generation. Through the self-developed automatic generation	3D graphics and AI

BUSINESS

Core technologies	Description and advantages	Categories
	engine, it can automatically and accurately convert the given data to the full-factor entity model. Through the self-developed scene scheduling technology, it can seamlessly switch between ultra-large-scale scenes without affecting the rendering accuracy. At the same time, it can encode and accurately select each element of the scene in the form of electronic ID, and can perform instant, non-destructive, and reversible editing of the scene without losing the scene accuracy, and fully record the editing process.	
Simulation engine technology based on data and event-driven	This technology provides simulation solutions based on five elements: man-machine, equipment, rules, events and environment. It provides simulation services and simulation data access analysis, virtual-reality mapping, operation simulation, event rehearsal, built-in simulation algorithms, simulation event editing and a visual expression library for industry simulation data. It is mostly used in simulation applications in multiple industries such as industry, water conservancy, transportation, emergency, and security.	3D graphics, simulation and AI
Cloud rendering and low-code open platform technology	1. Through the large-scale service call framework, it can support concurrent call services for high-precision scenes, large scenes, and multiple users, and respond to user operation needs quickly and with low latency; in addition, through the rendering WEB service capability, the scene rendering part is completed in the cloud, reducing the computing and rendering burden of the customer terminal; 2. Through the deep optimization of the video encoding and decoding method of cloud rendering technology, the product supports up to 8K video output, and the industry is basically dominated by 2K output; 3. The product supports 200+ open APIs, covering most of the scene structures in the current application field of digital twins, which is convenient for customers and ecosystem developers to develop their own digital twin applications with low barriers; 4. The product supports the main Web frameworks in the market such as Vue, React, and Angular, which can meet the deployment of various application scenarios; 5. The technology allows us to realize real-time cloud rendering of ultra-large-scale scenes through the self-developed pyramid architecture resource scheduling system, and can switch seamlessly at different scene scales; 6. By encapsulating the AES platform development scenes, tools, and APIs, it provides a drag-and-drop low-code development mode, superimposed with the AES platform's data import and scene editing capabilities, lowering the application threshold and forming a platform technology for downstream customers to independently develop.	3D graphics
Real-time generation, rendering and editing	1. This technology is a technical framework for real-time generation, rendering and expansion of earth-level scenes.	3D graphics and AI

BUSINESS

Core technologies	Description and advantages	Categories
technology of earth-level scenes	Through online streaming loading technology, semantic data structure with pyramids, pyramid scheduling system, real-time generation algorithm based on semantic data and GPU Driven terrain system, it can generate earth scenes of any level and scale in screen space in milliseconds, and each level can achieve transition naturally. 2. This technology relies on real-time generation and rendering technology of earth-level scenes. By providing editing tools for semantic data and raster data, it allows users to directly affect scene presentation by modifying underlying data without interrupting the application or performing complex reconstruction. Therefore, whether in the editor or at runtime, the earth-level scene can be modified in real time through this technology.	
Distributed Simulation and Cloud Simulation	The technology possesses the horizontal expansion capability of simulation. It can realize the goal of real time simulation of multiple main vehicles, either inside same environment, or separate environments in parallel, and each main vehicle supports over 20 sensors. It possesses simulation synchronization and acceleration capabilities. Time synchronization between multiple simulation instances ensures the synchronization of factors such as vehicle movement, environmental changes, and sensor input in different simulation environments; it can freely control the simulation speed to improve test efficiency. It possesses high-concurrency simulation capabilities in the cloud. Based on dynamic real-time scheduling technology, cloud simulation resources are scheduled on demand to achieve multi-user sharing, realize thousands of concurrent cloud simulations, and support massive testing needs.	3D graphics and simulation
End-to-end simulation and synthetic data	Through automated scene generation technology, high-precision map data can be quickly generated into high-precision 3D road scenes that can be applied to perception simulation, and full parameter control of scene weather, lighting, etc. can be performed; based on radiation field reconstruction technologies such as NeRF/3DGS, high-quality simulation scenes can be automatically reconstructed. It can simulate sensor acquisition processing, image signal processing, target recognition, etc. involved in cameras, millimeter-wave radars, and lidars to simulate the perception of the external environment by intelligent driving algorithms and form a multi-sensor information fusion model; Based on the perception simulation results, synthetic data is generated, with an annotation accuracy of 99.9%, which represents the highest capability in the market, the synthetic data results are fully controllable, and the authenticity of the synthetic data reaches 95%, which is among the top performance in the market.	3D graphics, simulation and AI

BUSINESS

Core technologies	Description and advantages	Categories
Scenario mining and scenario simulation	The scenario mining tool chain based on parallel computing can perform high-concurrency, quasi-real-time vehicle behavior mining on the massive data collected by mass-produced vehicles, and can also perform perception scene mining on unstructured data based on AI perception algorithms and multimodal large model technology, and mine valuable simulation scenes from massive data. The independently developed scenario engine supports the latest ASAM OpenX international standard, natively supports the OpenSCENARIO scenario simulation standard and the OpenDRIVE map simulation standard. This makes it a leading solution for scenario engines. With the advantages of its own scene engine and map engine, it realizes intelligent scene generalization technology based on scene coverage.	simulation and AI
Multi-level traffic simulation and traffic models	Static road network and dynamic perception data are two key elements in the field of traffic simulation. Based on data mapping technology and real-time computing capabilities, the mutual conversion and editing integration of structured macro road network and micro road network can be realized. At the same time, based on cloud native technology and microservice architecture, the platform applies macro and micro simulation technology based on traffic road network to traffic model simulation deduction and evaluation analysis. This process can support traditional mathematical simulation models, and can also use the trajectory reconstruction and optimization technology of cross-sectional flow to apply the real-time collected traffic data to data-driven traffic model simulation, so as to more realistically map and simulate the traffic conditions in the real world, and realize the complete closed loop of traffic model simulation/data-driven simulation and simulation evaluation and application. Based on the general large model, a tool chain platform for traffic perception synthesis, traffic cognitive learning, traffic prediction deduction and traffic knowledge graph is gradually formed. Through AI technology, polymorphic traffic simulation scenarios for training computer vision algorithms can be generated, and real traffic trajectory data can be applied to deep reinforcement learning and traffic intelligent body construction, so as to realize the restoration and tracing of real traffic and data mining and generalization. The platform predicts and deduces traffic flow, speed, demand and accidents in the future by using historical traffic data, providing underlying model support for traffic incident warning and analysis and decision-making. The platform supports the access, training and iteration of third-party traffic models, providing underlying framework support for partners.	simulation and AI

BUSINESS

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position.

Our R&D Team

Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products and solutions which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 10 years of industry experience and has specialized area. The following table sets out their profile:

Core R&D member	Profile
Mr. Bao Shiqiang (鮑世強)	Our chief technology officer and CEO of 51Sim, who holds a master’s degree from Tianjin University School of Computer Science and has 17 years of experience in industrial software R&D and development management. Mr. Bao worked for many years at Autodesk China R&D Centre, where he led the development of core functions for Maya and other professional software in Media and Entertainment division. With extensive technical and industrial experience in large-scale industrial software, cloud platform construction, computer graphics, sensor simulation, scenario simulation, data-driven simulation, and synthetic data, Mr. Bao has significantly contributed to the field. He also led the development of SimOne, an intelligent driving simulation tool with independent intellectual property rights in China.
Mr. Hou Tao (侯濤)	Our R&D director, who holds a PhD degree from the Institute of Remote Sensing Applications, Chinese Academy of Sciences. Mr. Hou has 13 years of experience in software development and computer graphics, with proficiency in OpenGL, DirectX, and HLSL. In the field of AI, Dr. Hou is well-versed in the training and inference processes of deep learning networks and has mastered model structures and end-to-end applications of Diffusion and Transformer technologies. Mr. Hou is currently responsible for directing and implementing systems such as 3D engine functionality services, intelligent scene perception, and intelligent traffic service prediction.
Mr. Wang Yiyuan (王憶源)	Our deputy general manager of 51Sim, who holds a master’s degree in computer science from Tongji University and has 19 years of experience in software development and testing and project management. He possesses extensive technical and industry expertise in traffic element construction, traffic simulation, traffic modeling, and cloud-native architecture. Currently, Mr. Wang leads a team dedicated to developing TIM.

BUSINESS

Core R&D member	Profile
Mr. Wang Yongchao (王永超)	Our senior architect, who graduated from China University of Geosciences (Beijing) with a master’s degree in computer technology. Mr. Wang has 12 years of experience in computer graphics, 3D geographic information systems, and related development and architecture. Since joining us in early 2022, he has led the team in developing the ISE Simulation Engine, which has been launched in early 2024 as part of 51Aes to provide simulation of various events in a visualized way, and the Matrix Engine, which is still in the R&D phase and designed for encapsulating common and standardized functions of the digital twin industry into a collection of internal plugins and tools, for engineering applications. Currently, Mr. Wang heads the industry R&D group at 51Aes, overseeing the overall planning, development, and technical architecture of Matrix products, as well as the technical exploration and solution formulation for XIM.

For more details regarding Mr. Hou Tao, see “Directors, Supervisors and Senior Management.”

Our R&D team consisted of 114 members as of June 30, 2025, representing 33.0% of our total employees. They possess multi-disciplinary expertise in 3D graphics, simulations, and AI that collectively bring insights and experience to our R&D. Our R&D team members have solid backgrounds, with many holding advanced degrees and having gained valuable experience from leading academy and well-known industry participants. As of June 30, 2025, 33.3% of our R&D team members have master’s degrees or above, and 3 members of the R&D team hold Ph.D. degrees in graphics and GIS, and energy and environmental engineering, respectively.

We prioritize attracting and retaining top talent, recognizing it as the key to our future success and sustainable growth. To support our business expansion, we are committed to recruiting and developing individuals with experience from leading companies and expertise in relevant fields. We will continue to foster a culture of innovation, collaboration, and efficiency, and refine our organizational structure to empower our leaders and team members. This approach ensures they can take ownership of their work and be rewarded for their contributions. Additionally, we are dedicated to enhancing our team’s technical expertise, project management skills, and service quality through a comprehensive training system. This system includes regular technical training and industry knowledge sharing sessions, designed to accelerate learning and elevate the knowledge and skill levels of our employees.

We have entered into confidentiality and invention assignment agreements, and non-competition agreements with our R&D staff, or included confidentiality, invention assignment, and non-competition clauses in the employment contracts with our R&D staff. For key terms of our employment contracts with key management and technical staff, see “Directors, Supervisors and Senior Management—Key Terms of Employment Contracts.” During the Track Record Period and up to the Latest Practicable Date, we did not have any legal claims or proceedings that may have a material adverse impact on our key R&D programs and business operations.

Our R&D Expenditure

Our R&D expenditure amounted to RMB132.5 million in 2022, RMB103.8 million in 2023, RMB57.5 million in 2024 and RMB31.4 million for the six months ended June 30, 2025, accounting for 54.1%, 50.5% 28.0% and 28.1% of our total operating expenditure in the same periods, respectively.

BUSINESS

Our R&D Centers

Our research and development center is currently located in Shanghai. In addition, we have established an engineering center in Chengdu and an innovation center in Shenzhen.

Our R&D Process

We independently conduct product research and development based on technology and market trends. The R&D projects follow a standardized software development process and produce core results through internal testing and release. This process includes four main stages: research, project initiation, development, and project completion.

Feasibility Study Phase

Requirements Collection: Product managers analyze and summarize user requirements, conduct market research, and competitive analysis.

Feasibility Studies: R&D personnel perform technical research on relevant general and specialized technologies to prepare for a technical feasibility study.

Project Phase

Project Preparation: Based on the Feasibility Study Report, the product manager analyzes the background, investment reasonableness, feasibility, and advancement of the R&D project. The R&D leader summarizes the main R&D content, implementation plan, overall budget, and staffing plan, forming the R&D Project Report.

Project Approval Meeting: Attended by heads of product, R&D, finance, legal, and HR. The product manager presents the project’s rationale and feasibility, while the R&D leader presents the implementation plan and budget. Once approved by all departments, the report is submitted to the CEO for final approval.

R&D Phase

R&D Iteration:

Follows an agile development process with multiple iterations. Product managers design and plan R&D content, user interaction, and retain functional definition documents. R&D personnel handle technical research, coding, system integration, and maintain development documents and code backups. Testers conduct unit and functional testing.

IP personnel collect and declare IP throughout the R&D process.

R&D personnel collaborate with HR and finance to track working hours and R&D expenses.

Testing and Verification:

Product managers confirm requirements are met. Testers conduct comprehensive tests (functional, performance, interface, security) to ensure quality.

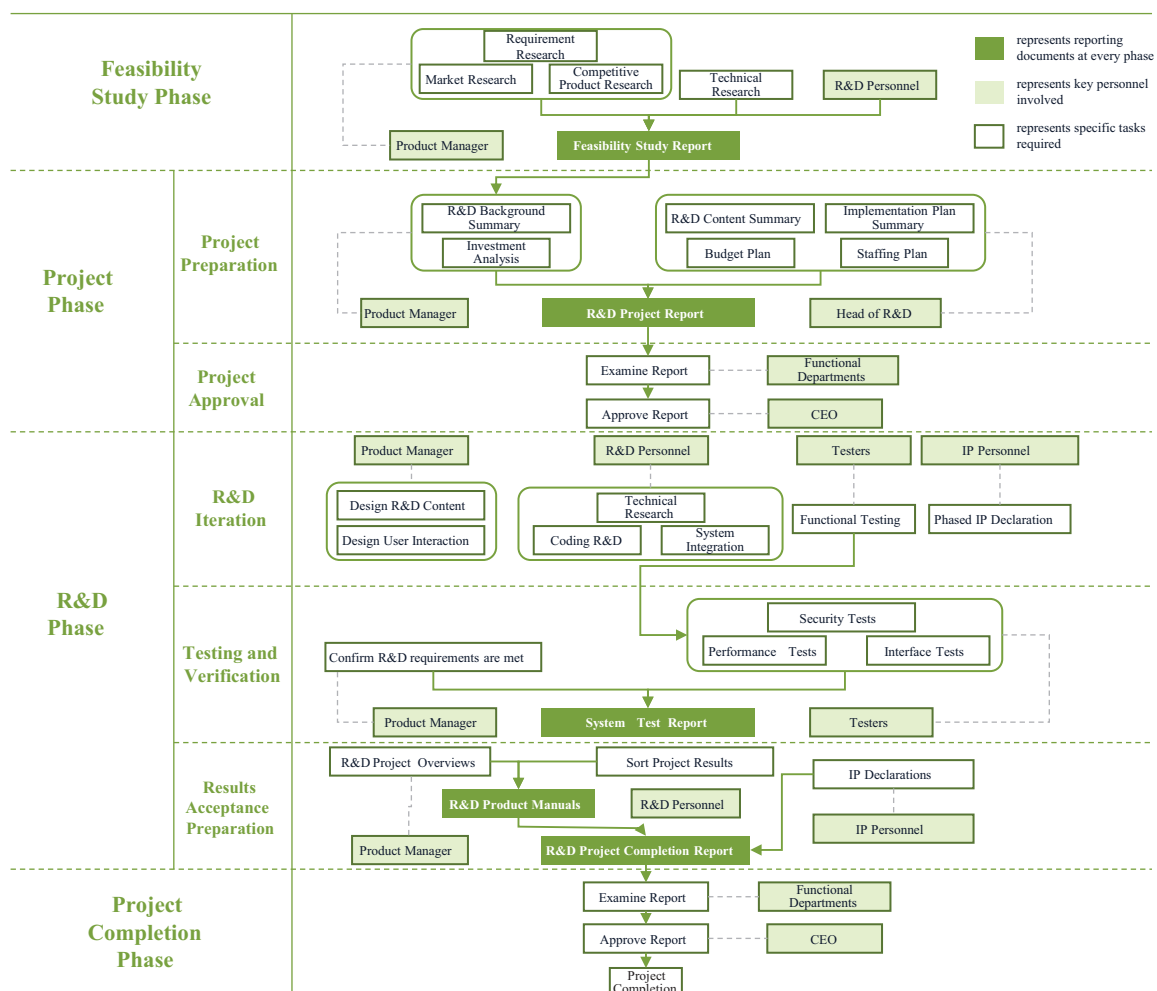
BUSINESS

Product managers prepare project overviews, completion reports, and collaborate on product manuals. R&D personnel sort project results and complete IP declarations. Project managers finalize man-hour and cost accounting.

Project Completion Phase

Completion Acceptance Meeting: Attended by heads of product, R&D, finance, legal, and HR. Product leaders report on the overall project and its completion, R&D leaders present final results, IP leaders report on IP outputs, finance leaders discuss cost settlements, and legal leaders ensure output standardization.

The feasibility study phase is typically expected to take two to six months, while the project initiation phase is planned to be completed within one month. The R&D phase generally spans several months to several years, with progress reports submitted to the Board on a regular basis. Finally, the project completion phase is allocated a duration of one month for finalization. The diagram below illustrates the workflow of our R&D process:



Our R&D Capabilities

We are a member of the China Academy of Information and Communications Technology (CAICT) of the Ministry of Industry and Information Technology (MIIT), a member of the CIM

BUSINESS

standard group of the National Intelligent Standard Committee of the Ministry of Housing and Construction (MOHURD), a member of the German Association for Standardization of Automation and Measurement Systems (ASAM) and the China Working Group. Member unit of China Intelligent Networked Vehicle Industry Innovation Alliance, member unit of China Simulation Society Autonomous Driving Vehicle Simulation and Testing Specialized Committee. We participated in the formulation of 2 international standards, 9 national standards, 2 local standards, 2 industry standards and 26 group standards, participated in the research of 5 key government projects, and participated in the preparation of 34 white papers and industry reports. We insist on in-house research and development and did not engage in any outsourced or collaborative R&D activities that were material to our R&D operations during the Track Record Period.

INTELLECTUAL PROPERTY

We rely on unpatented trade secrets, confidential know-how, and continuous technological innovation, to develop, strengthen, and maintain our competitive position. We seek to protect and enhance our proprietary technologies, inventions, and improvements that are commercially important to the growth of our business, including by seeking, maintaining, and defending patent rights. We also strive to operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. In the development of products and solutions, we leverage self-created data, data purchased from suppliers and data provided by customers. The intellectual property rights to 3D models created from supplier-provided data belong to us. For custom 3D models we create for customers, the intellectual property rights default to us, unless the customer expressly requests ownership or co-ownership and we confirm that we have no model reuse requirements, in which case the customer may hold the ownership rights or co-own with us. An illustrative example of this situation is where a customer requires us to create a 3D model or simulation of a specific road within or adjacent to their facility. In such cases, we typically have no model reuse requirements for this specific customized asset and can therefore agree to the customer’s request for ownership rights. This ownership arrangement generally does not result in material pricing differences compared to scenarios where we retain the intellectual property rights.

It is important to our future commercial success that we obtain and maintain patent and other proprietary protection for commercially important technology, inventions, and know-how related to our business; defend and enforce our IP rights, in particular our patents, trademarks, and copyrights; maintain the confidentiality of our trade secrets; and operate without infringing, misappropriating, or violating the valid and enforceable patents and proprietary rights of third parties. Our ability to prevent third parties from making, using, selling, offering to sell, or importing any technology products we develop may depend on the extent to which we have rights under valid and enforceable patents or trade secrets covering these activities.

The patent landscape for companies such as ours is generally uncertain and can involve complex legal, scientific, and factual issues. We cannot predict whether the patent applications we have filed will result in issued patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Furthermore, we cannot guarantee the issuance of patents for any future patent applications, nor can we ensure that any of our patents, present or future, will be effective in protecting our software, technology, computational platform, and any product candidates we develop. In addition, the coverage claimed in a patent application may be significantly reduced before a patent is issued, and its scope can be reinterpreted and even challenged after issuance. As a result, we cannot guarantee that any technology products we

BUSINESS

develop will be protected or remain protectable by enforceable patents. Moreover, any patents that we hold or may hold may be challenged, circumvented or invalidated by third parties. See “Risk Factors—Risks Relating to Our Intellectual Property Rights” for a more comprehensive description of risks related to our IP.

As of the Latest Practicable Date, we had 158 software copyrights and 107 validly authorized patents.

The following table sets forth details of our material IP in relation to our Specialist Technology Products as of the Latest Practicable Date:

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
1	Image processing method, apparatus, storage medium and electronic device (圖像處理方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source Data Informatization Technology	Automatic generation of large-scale realistic 3D scenes	PRC	July 17, 2019	July 17, 2039
2	Image fusion method, apparatus, storage medium and electronic device (圖像融合方法、裝置、存儲介質和電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: ISE	Multi-source Data Informatization Technology	3D visual rendering	PRC	February 28, 2020	February 27, 2040
3	Methods, apparatus, storage media and electronic devices for modeling images (圖像的建模方法、裝置、存儲介質和電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source data informatization technology	Automatic generation of large-scale realistic 3D scenes	PRC	February 21, 2020	February 20, 2040
4	Methods, apparatus, storage media, and electronic devices for processing images (圖像的處理方法、裝置、存儲介質和電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: ISE	Multi-source data informatization technology	Multi-source heterogeneous spatial data fusion	PRC	January 20, 2020	January 19, 2040
5	A real-time cloud mapping optimization method based on spherical UV and reprojection (一種基於球面UV和重投影的雲實時繪製優化方法)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Ultra-large-scale realism scene automatic generation and dynamic scheduling technology, real-time graphics engine cloud-based technology	3D visual rendering	PRC	August 23, 2017	August 22, 2037

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
6	Methods, apparatuses, storage media, and electronic devices for viewing virtual objects (觀察虛擬對象的方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: ISE	Multi-source data informatization technology	Multi-source heterogeneous spatial data fusion	PRC	June 9, 2020	June 8, 2040
7	Method, apparatus, storage medium and electronic device for generating a three-dimensional image of an object (生成物體三維圖像的方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source data informatization technology	Multi-source heterogeneous spatial data fusion	PRC	February 24, 2020	February 23, 2040
8	Target object localization method, apparatus, storage medium, and electronic device (目標物體定位方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: ISE	Multi-source data informatization technology, real-time scene editing technology	3D visual rendering	PRC	February 24, 2020	February 23, 2040
9	Method, apparatus, storage medium and electronic device for displaying a three-dimensional scene model (三維場景模型的展示方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: ISE	Digital twin scene servitization technology	3D visual rendering	PRC	February 21, 2020	February 20, 2040
10	A semantic segmentation processing method, device and apparatus for data (一種數據的語義分割處理方法、裝置及設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source data informatization technology	Multi-source heterogeneous spatial data fusion	PRC	March 28, 2023	March 27, 2043
11	A method, apparatus, and device for determining an instance of a data flow shape (一種數據流形實例的確定方法、裝置及設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: ISE	Simulation engine technology	Multi-source heterogeneous spatial data fusion	PRC	April 11, 2023	April 10, 2043

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
12	A data processing method, device and apparatus (一種數據處理方法、裝置及設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Simulation engine technology	Multi-source heterogeneous spatial data fusion	PRC	March 28, 2023	March 27, 2043
13	Method and apparatus for generating a three-dimensional image of a building (生成建築物的三維圖像的方法及裝置) ⁽¹⁾	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source data informatization technology	Multi-source heterogeneous spatial data fusion	PRC	February 28, 2020	February 27, 2040
14	Methods, apparatus, storage media, electronic devices for compiling and obtaining files (編譯和獲取文件的方法、裝置、存儲介質、電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: WDP	Simulation Engine Technology	Digital asset management and distribution	PRC	December 15, 2020	December 14, 2040
15	A data processing method, apparatus and electronic device (一種數據處理方法、裝置及電子設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth	Metaverse Space Audio Interaction System	Multi-source heterogeneous spatial data fusion	PRC	July 18, 2023	July 17, 2043
16	A method, device and apparatus for processing video data information (一種視頻數據信息的處理方法、裝置及設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth	Time dimension video, 3D model synergistic tools	Enable video to collaborate with textual information to have 2D directionality	PRC	June 21, 2023	June 20, 2043
17	A method, device and equipment for processing advertising information in virtual space (一種虛擬空間中的廣告信息處理方法、裝置及設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth	Meta-universe 3D spatial heat analysis technology and basic heat orientation of advertisements, comments and other evaluation push system	Personalized advertising recommendations for the metaverse	PRC	June 9, 2023	June 8, 2043
18	A method, apparatus and electronic device for processing comment data in a virtual space (一種虛擬空間的評論數據處理方法、裝置及電子設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth	Meta-universe 3D spatial heat analysis technology and basic heat orientation of ads, comments and other evaluation push system	Enable users to provide feedback on the content displayed within the metaverse	PRC	June 26, 2023	June 25, 2043

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
19	A method, device and apparatus for determining the spatial heat of a target element (一種目標元素空間熱度的確定方法、裝置及設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth	Metaverse 3D spatial heat analysis technology and basic heat orientation of advertisements, comments and other evaluation and push system	Analyze users' level of interest in various target elements within the metaverse scene	PRC	June 13, 2023	June 12, 2043
20	Method, apparatus, storage medium and electronic device for obtaining a simulation data set (仿真數據集的獲取方法、裝置、存儲介質和電子設備)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: DataOne	Simulation map editing technology, simulation synchronization and acceleration technology, cloud simulation technology	Sensor simulation	PRC	October 27, 2020	October 26, 2040
21	Method, apparatus, storage medium, and electronic device for constructing a roadway net-work at a road intersection (構建道路交叉口路網的方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: TIM	Simulation map editing technology, collection data simulation technology	Simulation map editing	PRC	April 29, 2019	April 28, 2039
22	Road generation method, apparatus, storage medium and electronic device (道路生成方法、裝置、存儲介質及電子設備) ⁽²⁾	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: TIM	Scene editing technology, data collection simulation technology	Simulation map editing	PRC	April 29, 2019	April 28, 2039
23	Vehicle steering lightness test equipment (車輛轉向輕便性測試裝置)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: SimOne	V2X in-the-loop simulation technology, driving simulator technology	Used for vehicle simulation testing	PRC	October 11, 2019	October 10, 2029
24	Analog steering wheel steering system (模擬方向盤轉向系統)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: SimOne	V2X in-the-loop simulation technology, driving simulator technology	Used for vehicle simulation testing	PRC	May 9, 2020	May 8, 2030

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
25	Method, apparatus, storage medium, and electronic device for generalization of driving trajectories (行車軌迹的泛化方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: DataOne	Simulation map editing technology, simulation visualization technology, semantic scene generalization technology, trajectory reconstruction and optimization technology	Generate driving trajectories for testing virtual vehicles	PRC	June 2, 2021	June 1, 2041
26	Image labeling method, apparatus, storage medium and electronic device (圖像標註方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Sensor simulation technology, scene simulation engine technology, camera in the loop simulation technology	3D visual rendering	PRC	October 10, 2020	October 9, 2040
27	Method, apparatus, storage medium and electronic device for generating attribute information of transportation road network (交通路網屬性信息生成方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Simulation map editing technology	Semantic scene generalization	PRC	July 10, 2019	July 9, 2039
28	A hand motion tracking method in a virtual driving environment (一種虛擬駕駛環境中手部運動跟蹤方法)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	V2X in-loop simulation technology, driving simulator technology	Used for vehicle simulation testing	PRC	April 2, 2018	April 1, 2038
29	Pavement point cloud data extraction method, apparatus, storage medium and electronic device (路面點雲數據提取方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Scene editing technology, collected data simulation technology	Data collection simulation	PRC	April 29, 2019	April 28, 2039
30	Traffic signal recognition method, apparatus, storage medium and electronic device (交通信號識別方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Sensor simulation technology, scene simulation engine technology, camera-in-the-loop simulation technology	Data collection simulation	PRC	April 29, 2019	April 28, 2039

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
31	Vehicle brake control method and device, vehicle (車輛制動控制方法及裝置、車輛)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: SimOne	Dynamics simulation technology	Dynamics simulation	PRC	September 29, 2020	September 28, 2040
32	Method, apparatus, storage medium and electronic device for generating motion trajectories (運動軌迹的生成方法、裝置、存儲介質和電子設備)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: DataOne	Continuous traffic simulation technology, semantic scene generalization technology, trajectory reconstruction and optimization technology	Scene editing	PRC	June 9, 2020	June 8, 2040
33	Radar simulation method, apparatus, storage medium and electronic device (雷達仿真方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: SimOne	Sensor simulation technology, scene simulation engine technology	Sensor simulation	PRC	April 29, 2019	April 28, 2039
34	Platform for in-loop simulation and testing of in-vehicle cameras (車載相機在環仿真測試用平台)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: SimOne	V2X in-loop simulation technology	Used to simulate real cameras in a virtual simulation environment	PRC	October 11, 2019	October 10, 2029
35	Navigation map road network generation method, apparatus, storage medium and electronic device (導航地圖路網生成方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: DataOne	Simulation map editing technology, collected data simulation technology	Simulation map editing	PRC	June 24, 2020	June 23, 2040
36	A method of docking a virtual steering wheel and a real steering wheel in a virtual driving application (一種虛擬駕駛應用中虛擬方向盤和真實方向盤對接方法)	Beijing 51Sim Technology Co., Ltd	Self-developed Proprietary	51Sim: SimOne	Scene editing technology	Used to mimic a real steering wheel in a virtual environment	PRC	April 2, 2018	April 1, 2038

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
37	Methods, apparatuses, storage media, and electronic devices for building models (建立模型的方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Simulation 3D scene generation and production technology	Sensor simulation	PRC	June 16, 2020	June 15, 2040
38	Lane line detection method, apparatus, storage medium and electronic device (車道綫檢測方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: DataOne	Scene editing technology, data acquisition simulation technology	Data collection simulation	PRC	July 17, 2019	July 16, 2039
39	3D road modeling method, apparatus, electronic device and storage medium (三維道路建模方法、裝置、電子設備及存儲介質)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Simulation 3D scene generation and production technology	Scene simulation	PRC	July 31, 2019	July 30, 2039
40	Method, apparatus, storage medium and electronic device for displaying driving conditions (行駛狀況展示方法、裝置、存儲介質和電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation visualization technology	Sensor simulation	PRC	June 16, 2020	June 15, 2040
41	Hardware-in-the-loop evaluation methods, devices, storage media, electronic devices and systems (硬件在環評價方法、裝置、存儲介質、電子設備與系統)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation test and evaluation technology, V2X in-the-loop simulation technology, driving simulator technology	Sensor simulation	PRC	December 18, 2020	December 17, 2040
42	Intersection traffic simulation method, apparatus, medium and electronic device (交叉口交通仿真方法、裝置、介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Scene editing technology	Continuous traffic simulation	PRC	May 10, 2019	May 9, 2039

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
43	Method, apparatus, storage medium and electronic device for adjusting camera parameters (調整攝像頭參數的方法、裝置、存儲介質及電子設備) (3)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Sensor simulation technology, scene simulation engine technology, camera in the loop simulation technology	Sensor simulation	PRC	November 16, 2020	November 15, 2040
44	Method, apparatus, storage medium, and electronic device for determining road connection relationships (道路連接關係確定方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Scene editing technology, acquisition data simulation technology	Simulation map editing	PRC	July 21, 2020	July 20, 2040
45	Method, apparatus, storage medium and electronic device for recognizing road elements and constructing road network (道路元素的識別和路網構建方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Simulation 3D scene generation and production technology, acquisition data simulation technology	Simulation map editing	PRC	April 29, 2019	April 28, 2039
46	Simulated image processing method, apparatus, storage medium and electronic device (仿真圖像處理方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation synchronization and acceleration technology	Camera-in-the-loop simulation	PRC	April 29, 2019	April 28, 2039
47	Methods, apparatus, media, and electronic devices for regulating the speed of a simulation process (調節仿真過程的速度的方法、裝置、介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Continuous traffic simulation technology, simulation synchronization and acceleration technology, distributed simulation technology	Simulation synchronization and acceleration	PRC	April 29, 2019	April 28, 2039

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/ Registration	Expiry Date
48	Lane line generation method, apparatus, storage medium and electronic device (車道綫生成方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: DataOne	Simulation map editing technology, acquisition data simulation technology, semantic scene generalization technology	Scene simulation	PRC	June 16, 2020	June 15, 2040
49	Simulation data synchronization method, apparatus, storage medium and electronic device (仿真數據同步方法、裝置、存儲介質及電子設備) (4)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation map editing technology, simulation synchronization and acceleration technology, cloud simulation technology	Cloud simulation	PRC	April 29, 2019	April 28, 2039
50	Brake Pedal Simulator (制動踏板模擬器)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	V2X in-the-loop simulation technology, driving simulator technology	Used to mimic a real brake pedal in a virtual environment	PRC	October 11, 2019	October 10, 2029
51	Pavement marking generation method and apparatus, storage medium and electronic device (路面標識生成方法及裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Scene editing technology	Simulated 3D scene generation and production	PRC	August 10, 2020	August 9, 2040
52	Methods, devices, media, and equipment for determining wheel loads of a simulated vehicle (確定仿真車輛的車輪載荷的方法、裝置、介質及設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Dynamics simulation technology	Dynamics simulation	PRC	September 29, 2020	September 28, 2040
53	Methods, apparatus, storage media, and electronic devices for file manipulation (文件操作的方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: WDP	Simulation engine technology	Digital asset management and distribution	PRC	November 27, 2020	November 26, 2040

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
54	Method, apparatus, storage medium and electronic device for determining an object in a three-dimensional scene (三維場景中對象的確定方法、裝置、存儲介質和電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: WDP	Multi-source data informatization technology	3D visual rendering	PRC	August 28, 2020	August 27, 2040
55	Rendering methods, apparatus, storage media and electronic devices (渲染方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Scene real-time editing technology, large-scale distributed cloud rendering technology	3D visual rendering	PRC	June 9, 2020	June 8, 2040
56	Data processing methods, apparatuses, storage media and electronic devices (數據處理方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: DataOne	Continuous traffic simulation technology	Dynamics simulation	PRC	October 10, 2020	October 9, 2040
57	A method, device and apparatus for generating an autonomous driving simulation scenario (一種自動駕駛仿真場景的生成方法、裝置及設備) ⁽⁵⁾	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Simulation 3D scene generation and production technology, scene construction and editing technology	Used to generate autonomous driving simulation scenarios	PRC	December 27, 2023	December 26, 2043
58	Method, apparatus and electronic device for testing vehicles in virtual scenarios (虛擬場景下車輛的測試方法、裝置及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Continuous traffic simulation technology, simulation test and evaluation technology, distributed simulation technology, multilevel traffic simulation technology	Driving simulation	PRC	September 14, 2021	September 13, 2041
59	A method, apparatus and device for synchronized information processing of virtual objects (一種虛擬對象的同步信息處理方法、裝置及設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth Data	A large-scale terminal online synchronization method	Reduce the massive computational overhead caused by the increase in the number of users in the metaverse scene	PRC	January 9, 2024	January 8, 2044

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
60	A method, device, and apparatus for processing three-dimensional model review information (一種三維模型審閱信息的處理方法、裝置及設備)	Beijing Mirrorverse Data Service Co., Ltd.	Self-developed Proprietary	51Earth	Video and 3D model synchronization tool in time dimension	Enable information collaboration between users in the metaverse	PRC	July 13, 2023	July 12, 2043
61	A method, apparatus and device for generating a virtual machine instruction set (一種虛擬機指令集的生成方法、裝置及設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: SimOne	Distributed simulation technology	Provide programming language capabilities for the autonomous driving scenario engine	PRC	December 19, 2023	December 18, 2043
62	A method, apparatus and device for generating a map (一種地圖的生成方法、裝置及設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Simulation map editing technology	Convert real-world map data into a data format that can be processed by virtual simulation systems	PRC	December 21, 2023	December 20, 2043
63	Method, apparatus, storage medium, and electronic device for monolithizing a real-life three-dimensional model (實景三維模型單體化方法、裝置、存儲介質及電子設備)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes: AES	Multi-source data informatization technology, real-time scene editing technology	Multi-source heterogeneous spatial data fusion	PRC	June 9, 2020	June 8, 2040
64	Intersection generation method, apparatus, storage medium and electronic device (路口生成方法、裝置、存儲介質及電子設備)	Beijing 51Sim Technology Co., Ltd.	Self-developed Proprietary	51Sim: TIM	Simulation map editing technology, semantic scene generalization technology	Simulation map editing	PRC	December 16, 2020	December 15, 2040
65	51 Digital Twin Scenario Generation Engine Software (51數字孿生場景生成引擎軟件)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes	Simulation engine technology	Generate large-scale 3D scenes from vector data, imagery, and elevation models, and enable manual editing of roads, buildings, and other elements	PRC	August 27, 2021	December 31, 2027

BUSINESS

No.	Intellectual Property	Name of Registered Proprietor	Origins and Ownership	Specialist Technology Product	Importance to our Specialist Technology*	Major Functions	Place of Registration	Date of Application/Registration	Expiry Date
66	51Cloud cloud rendering platform (51Cloud雲渲染平臺)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes	Simulation engine technology	Cloud-based real-time rendering platform that enables remote rendering with instant display on terminals	PRC	August 2, 2019	December 31, 2069
67	51 Digital Twin Model Conversion and Processing Service Platform (51數字孿生模型轉換與處理服務平臺)	Beijing 51WORLD Digital Twin Technology Co., Ltd.	Self-developed Proprietary	51Aes	Simulation engine technology	Converts OSGB models to AES data compatible with visualization engine for city-level visualization	PRC	August 27, 2021	December 31, 2027

* Represents areas that we have applied our material IP to and/or that we expect to apply our material IP to.

Note:

- (1) Number 13, one of our top five most valuable intellectual property.
- (2) Number 22, one of our top five most valuable intellectual property.
- (3) Number 43, one of our top five most valuable intellectual property.
- (4) Number 49, one of our top five most valuable intellectual property.
- (5) Number 57, one of our top five most valuable intellectual property.

We also own numerous trademarks registered in China. We pursue additional trademark registrations to the extent we believe doing so will be beneficial to our competitive position. See “Appendix IV—Statutory and General Information—2. Further Information about Our Business—B. Our Material Intellectual Property Rights” to this document for further details regarding our IP.

During the Track Record Period and up to the Latest Practicable Date, we have the ownership of all intellectual property rights in relation to our products. None of the intellectual property rights used by the Group is in-licensed, nor has any intellectual property right used by the Group been out-licensed. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceedings in respect of IP right infringement claims against us or initiated by us, and have not encountered any impediments or rejections in our intellectual property rights applications. However, there are risks if we fail to protect our IP rights in the future. For details, see “Risk Factors—Risks Relating to Our Intellectual Property Rights.”

COMPETITION

China’s digital twin solution market is experiencing rapid growth, and the current competitive landscape is fragmented, with numerous types of players offering a diverse range of solutions.

Players in the China digital twin solution market can be categorized into two types: one-stop solution providers and point solution providers. One-stop solution providers are equipped to offer a comprehensive range of products and services, spanning model asset development tools to applications, and digital twin applications across multiple domains. In contrast, point solution providers specialize in a specific type of product or service and offer digital twin applications within a single domain. One-stop solution providers have a number of significant advantages over point solution providers, including greater technical capabilities, technical comprehensiveness, industry knowledge, business model diversity, and growth potential.

BUSINESS

For more information about our competitive strengths, our industry and the risks we face, please refer to the sections headed “Industry Overview” and “Risk factors—Risks Related to Our Business and Industry — We operate in highly competitive markets and some market participants may have substantially greater resources. We compete against a large number of both established competitors and new market entrants.” included elsewhere in this document.

SALES AND MARKETING

Our sales team is designed to cater to the diverse needs and broad geographic distribution of our user base, ensuring responsive service and support across all customer segments. As of June 30, 2025, our sales team consisted of 95 employees and we have established sales offices in Hangzhou, Hefei, Nanjing, Wuhan, and Fuzhou among other cities in China.

Sales Model

We directly contract with end-users, who are the primary recipients of our products, and handle the entire process, from project design and production to testing and delivery, providing standard software products, customized software, and technical services directly to the end customer.

In addition, we sell our products and solutions to system integrators in the digital twin industry, who will either further develop on top of our products and solutions or integrate our products and solutions into others and then sell to the end-users, or sell directly to end-users. There is no material difference between end-users of system integrators and those we serve directly, with both categories primarily consisting of private and state-owned enterprises and government departments seeking digitalization solutions in the digital twin sector.

The following table sets forth a breakdown of our revenue by customer nature during the Track Record Period for the periods indicated.

	For the years ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
<i>(unaudited)</i>										
End users	94,855	55.8	120,700	47.1	106,498	37.1	18,344	55.2	24,015	44.6
System integrators	75,122	44.2	135,602	52.9	180,864	62.9	14,871	44.8	29,805	55.4
Total	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

From 2023 to 2024, revenue contribution from system integrators increased while revenue contribution from end-users decreased primarily because we secured more larger-sized projects from system integrators in 2024. For details, see “Financial Information—Period to Period Comparison of Results of Operations—Year ended December 31, 2024 compared to year ended December 31, 2023.”

By adopting these combined sales models, we effectively cater to the diverse needs and broad geographic distribution of our user base, ensuring responsive service and support across all customer segments. In addition, we tend to focus on market leaders or applicable government departments in each industry we target to enter to establish benchmark cases. We believe we can leverage our understanding of the industries and our reputation established through benchmark cases to further enhance our influence in such industries, enabling us to further penetrate and provide solutions to other market players. During the Track Record Period, our customers covered various types including

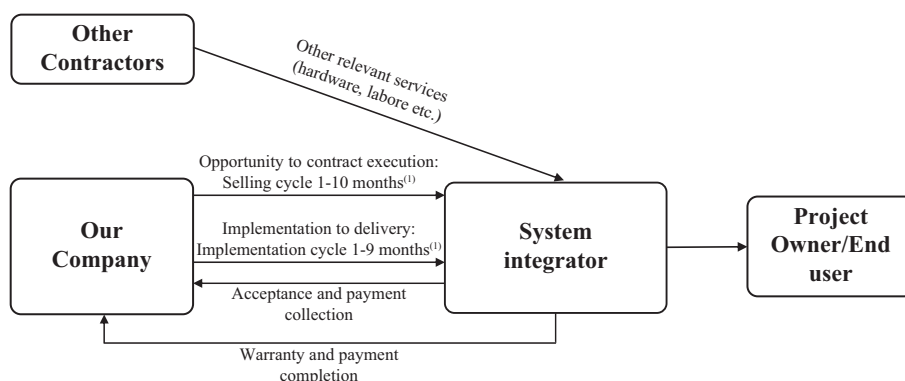
BUSINESS

state-owned enterprises and government agencies, higher educational and research institutions and other private enterprises in various industries sectors cities, parks, village, water conservation, water affairs, industrial, energy, real estate, and medical care, among others. The table below sets forth a breakdown of our revenue by customer type for the periods indicated.

	For the years ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
<i>(unaudited)</i>										
Private enterprises	114,670	67.5	195,472	76.3	205,150	71.4	26,607	80.1	26,702	49.6
State-owned enterprises and government departments	52,394	30.8	39,832	15.5	75,544	26.3	5,993	18.0	26,011	48.3
Higher educational and research institutes	2,845	1.7	20,413	8.0	4,104	1.4	615	1.9	1,107	2.1
Others	68	—	585	0.2	2,564	0.9	—	—	—	—
Total revenue	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

Our sales and project implementation cycle primarily consists of opportunity assessment, customer needs analysis, solution design, bidding and contract signing, contract execution, and ongoing maintenance. During the opportunity assessment phase, our company identifies potential leads through market research and customer visits. We evaluate whether to continue pursuing opportunities based on the customer’s historical reputation and performance record. After confirming a viable opportunity, we move to the customer needs analysis phase, where we gain an in-depth understanding of customer requirements and develop personalized solution designs that address their pain points, thereby increasing customer loyalty. As we primarily focused on providing enterprise-facing products and solutions during the Track Record Period, we may spend significant time on communications with users, project evaluation and design, thereby resulting in long sales and project implementation cycles. In 2022, 2023, and 2024 and the six months ended June 30, 2025, the selling cycles for our products and solutions ranged from one to seven months, one to six months, one to eight months, and one to ten months, respectively. Meanwhile, the project implementation cycles for our solutions ranged from one to 13 months, one to nine months, one to eight months, and one to nine months, respectively, for the same periods.

The following diagram illustrates our the general workflow and participants in our projects.



Note:

(1) In the six months ended June 30, 2025.

BUSINESS

We leverage both our in-house sales team and system integrators to promote our solutions. Our employees have deep knowledge of the industries and users that they are responsible for and our in-house sales team works closely with our product and research and development teams to ensure that they can provide the best solutions to satisfy the demand of market participants in the relevant industry verticals. To encourage and incentivize our in-house sales team, we have designed a performance-based compensation structure and set specific performance targets for each team member and evaluate their performance regularly.

Sales to system integrators typically occur when end users decide to use system integrators to save them from the trouble of directly negotiating with a large number of different suppliers or service providers. Such end users typically lay out the goals they plan to achieve and the budget for their projects and engage third-party system integrators, instead of engaging us directly. When competing for projects from end users, system integrators sometimes invite us and other suppliers to join the tender process. We may be required to work closely with system integrators and other suppliers to ensure compatibility of our products and solutions with the overall project. During the Track Record Period, we did not enter into any exclusivity agreements with system integrators. To the best of our knowledge, it is also not common practice in our industry to enter into such agreements with system integrators.

While many system integrators offer diverse product lines, they often partner with specialized companies like ours in specific domains such as digital twin technology, where our specialized expertise and diverse solutions give us a competitive advantage. System integrators value our company’s specialized digital twin expertise while we benefit from their established relationships with end-users and ability to deliver complete solutions, creating a mutually beneficial partnership that drives our growing system integrator revenue stream. System integrators frequently choose to outsource digital twin components to third-party suppliers with deeper domain expertise rather than developing these specialized capabilities in-house. For example, in a national museum’s digital operations intelligent control platform project, we provided digital twin business support for the smart park operations management platform. Similarly, for a reservoir project in Sichuan, we delivered knowledge bases, hydraulic professional model libraries, and flood prevention forecasting systems that formed a comprehensive visualization dashboard digital twin system covering the reservoir. In the typical workflow with system integrators, end-users first engage the integrator, who then evaluates and selects appropriate technology providers (including our Company) based on project specifications. The integrator manages the entire implementation process, including integration of our digital twin platform with other systems. According to Frost & Sullivan, cooperation with system integrators is common practice in the enterprise solution sector, particularly for complex solutions requiring multiple specialized components from different vendors.

In addition, in certain instances, we also act as the system integrator or coordinator (or sub-integrator), where beyond providing our own digital twin products and solutions, we need to coordinate complementary services or systems of other suppliers that are essential to delivering a complete and functional project. During the Track Record Period, we were only involved in the role of system integrator in one smart village project and served as sub-integrator in several other projects. In the said smart village project where we served as the system integrator, our professional and diverse internal teams conduct on-site fieldwork where, through systematic surveys, questionnaires, and structured group interviews, they comprehensively assess the current state of village infrastructure (roads, water, electricity, internet), agricultural production (crop and livestock varieties, scale, production efficiency), village governance, and cultural heritage (folk activities, historical sites). Based on this assessment, we

BUSINESS

develop strategic project plans that not only align with the village’s practical realities but also incorporate long-term forward-thinking perspectives, clearly defining the project’s phased objectives, technical roadmap, and implementation steps. We then coordinate selected partners, including network communication providers, hardware suppliers, data platform providers, and rural business system developers with various capabilities, to collaboratively establish a comprehensive and functional digital twin foundation for the village. After we establish this comprehensive digital twin foundation, the solution is typically further integrated into the overall project architecture by the primary integrator, who ensures seamless compatibility with broader system components and aligns our specialized contribution with the project’s overall objectives. Within this integrated approach, the overall project architecture encompasses far more than just our digital twin foundation. It includes the complete ecosystem of technologies and systems: physical infrastructure components (such as sensors, networking hardware, and IoT devices - other than those involved in our digital twin solution), application layers (including specialized management software for different village sectors such as land resource management systems, agricultural production planning, environmental monitoring and soil testing), data integration frameworks, security systems, user interfaces, and connected service platforms from various providers. Our digital twin foundation functions as one specialized technical layer that enables virtual modeling and simulation, while the primary integrator coordinates how this foundation interacts with these broader architectural elements to create a cohesive, functioning smart village system.

Some of our projects during the Track Record Period were obtained by way of open tender. We obtain relevant project information from announcements published by potential customers inviting bidders or through direct invitations from them. We put together an internal tender team that studies the tender documents to understand the requirements and technical specifications of the project. We then prepare binding documents based on customers’ specifications and expected budget in response to a tender. The bidding documents typically include, among other, details of quotation, scope of service, service standard and qualifications. Upon receiving a letter of award for a successful bid, we commence negotiations for detailed contract terms with the customer. In determining whether to submit a bid, we will conduct an assessment, taking into account of various factors including, but not limited to, scope of work involved, expertise and qualifications required and prior experience. If we decide to participate in a bid or negotiation of a project, we will conduct an assessment to decide an acceptable price. The following table sets forth our tendering results during the Track Record Period.

	For the years ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Number of tenders submitted	61	46	58	26
Number of projects awarded	28	24	28	10
Success rate	45.9%	52.2%	48.3%	38.5%

While our tender success rates remained relatively stable during the Track Record Period, tender success rates can fluctuate due to various factors including market competition, project complexity, and strategic bidding decisions that do not necessarily indicate changes in our competitive position or service capabilities and quality. Lower tender success rates could be due to customer budget constraints falling below our quoted prices and our strategic bidding on projects that align with our expertise and profit expectations. Regardless of tender outcomes, our front-line teams conduct internal post-tender reviews to enhance future bidding capabilities. From a brand perspective, each successful tender creates a public track record that strengthens our performance credentials for future

BUSINESS

bids, demonstrating our product and service capabilities to prospective customers. In line with market practice, we participate in open tenders as one of our methods of project acquisition. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, revenue contributed by projects obtained from tenders amounted to RMB26.1 million, RMB48.5 million, RMB109.5 million, RMB7.4 million and RMB18.1 million, respectively, accounting for 15.4%, 18.9%, 38.1%, 22.3% and 33.6% of our total revenue for the respective periods.

When system integrators acquire projects, they often follow similar bidding and tender procedures with end users. Sometimes they invite us and/or other suppliers to join the tender process, such as providing support and input on digital twin aspects of bidding documents.

Our testing and quality control procedures ensure that our products and solutions are properly examined before being sold. As a result, we had not experienced any material costs or forfeiture of retention money arising from product defects during the Track Record Period and up to the Latest Practicable Date. There were also no instances where customers did not return the retention money to us during the Track Record Period and up to the Latest Practicable Date. The scope of product liability and warranty between us and system integrators (where applicable) are clearly defined in the respective project agreements. We generally provide varied warranty periods as agreed in the contracts depending on specific project conditions and customer requirements. During the Track Record Period, our warranty period generally extended for one year from the date of acceptance of our solutions, while in some cases we provided coverage of three to five years based on customer demand and specific requests. We provide technical support during the warranty period, including standard 24-7 telephone technical support services. Many warranty issues or customer inquiries can be resolved through software update. As a matter of policy, only hardware components with defects may be returned. Pursuant to the agreement with suppliers, they should compensate us for liabilities caused by product defects and typically offer us warranty which corresponds to the warranty period we provide to our customers. Some of our customers may require a retention amount (typically 3% to 10% of the total contract value) as security against product quality during the warranty period. This retained portion is released and payable by the customer after we have successfully fulfilled our warranty obligations upon expiration of the warranty period.

Pricing

We price our solutions and services considering a variety of factors, such as our contract fulfillment costs, the value of our solutions or services to the customer, the scarcity of our solutions or services in the market, the urgency of the delivery of our solutions or services, our delivery capacity, competition in the market, market’s willingness to pay, the overall market condition, and competitors’ pricing strategies. In some cases, particularly for innovative or forward-looking projects, both us and our customers acknowledge inherent feasibility and implementation risks. For these projects with less established implementation pathways, pricing may reflect our shared understanding of the innovative nature and associated uncertainties. Taking these factors into account, we may adopt either cost-driving pricing or target-return pricing for different solutions or services. During the Track Record Period, the price ranges of our major products varied significantly primarily depending on the scale of deployment, customization requirements, implementation complexity, computational requirements, geographic coverage, and level of technical support needed. In terms of average contract size, for 51Aes, average contract size was approximately RMB0.9 million, RMB1.1 million, RMB1.8 million and RMB1.0 million in 2022, 2023, and 2024, and for the six months ended June 30, 2025, respectively. For 51Sim, average contract size was approximately RMB0.8 million, RMB1.0 million,

BUSINESS

RMB1.0 million and RMB0.5 million in the same periods, respectively. For 51Earth, average contract size was approximately RMB0.3 million, RMB0.6 million, RMB1.1 million and RMB0.4 million in the same periods, respectively.

The table below sets forth price ranges of the majority of projects under our business lines during the Track Record Period.

	Price Range (RMB)
51Aes	
51CIM	50,000 – 500,000
51WIM	50,000 – 500,000
51XIM	50,000 – 500,000
WDP	500,000 – 1,000,000
51Sim	
SimOne	50,000 – 500,000
DataOne	1,000,000 – 3,000,000
51TIM	50,000 – 500,000
51Earth	50,000 – 500,000

SEASONALITY

We experience seasonality in our business, primarily because of seasonal fluctuations in customer procurement demands. During the Track Record Period, we generally recorded higher revenues for our products and solutions in the fourth quarter of the year, primarily because certain of our customers tend to finalize their annual procurement schedules and budgets during the first quarter of the year and complete their inspection and accept our products and solutions in the fourth quarter, which cause us to recognize revenue in the fourth quarter according to relevant revenue recognition policy. Throughout the year, we typically engage with customers to understand their requirements and participate in project planning and design phases during earlier quarters, followed by solution delivery in subsequent periods. According to Frost & Sullivan, this seasonal pattern is consistent with industry norms and reflects the procurement and budgeting cycles typical of medium to large enterprises and government entities in China. As such, we believe this pattern is likely to continue in the foreseeable future. See “Risk Factors—Our business and results of operations are subject to seasonal fluctuations” for more details.

OUR CUSTOMERS

During the Track Record Period, our customers mainly consisted of enterprises of varying sizes. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, revenue generated from our five largest customers of the respective year/period amounted to RMB40.1 million, RMB98.1 million, RMB133.5 million and RMB27.7 million, respectively, accounting for 23.6%, 38.3%, 46.4%, and 51.5% respectively, of our revenue. The composition of our five largest customers was evolving each year/period throughout the Track Record Period primarily due to our business model and the nature of digital twin products and solutions deployment. Our digital twin products and solutions are primarily transaction-based rather than subscription-based. The scale of customer purchases in any given period is therefore driven by their specific business needs and project timelines rather than recurring revenue patterns. After initial implementation, customers may not require additional major deployments in the immediate following years, naturally leading to variations in transaction amounts. Nevertheless, we were able to achieve rapid growth in our revenue during the Track Record Period despite the variation in the composition of our customer base.

BUSINESS

Below is a summary of the key terms of a typical agreement with our end-user and project owner customers:

Products/Services. We provide our customer with software products and software development services as specified in the agreement or quotation.

Term. Until both parties fulfill their obligations under the agreement.

Pricing and payment. The value of our agreements with customers can vary substantially from customer to customer. The price of the software products or the service fee shall be fixed as set forth in the agreement or quotation. The customer is required to make payments to us according to the payment schedule agreed by the parties. In accordance with specific contract terms, customers may pay us by milestone as defined in the contract, such as upon contract execution, delivery of part of the project, customers’ acceptance of our products, and end of the warranty period or in a lump sum upon project acceptance. During the Track Record Period, most of our customers made payment by milestones. To maintain our relationships with customers, we typically issue invoices after the customers have fulfilled their internal protocols to make payments, which can be influence by various factors, including complex internal approval processes and strict financial budget constraints and typically takes place in the fourth quarter of each year. Such internal payment processes have also contributed to certain long-aging trade receivables during the Track Record Period. For details, see “— Seasonality” above and “Financial Information — Discussion of certain key items of consolidated statements of financial position — Trade and other receivables.” For further details, see “— Our products and solutions”

Confidentiality. The customer agrees to keep confidential any information in relation to the performance of the agreement, including but not limited to any documents, know-how and other information and data related to us, the agreement or the quotation.

Intellectual Property: The customer or its end users (if any) are only authorized by us to use the software products developed by us, and we are entitled to the full intellectual property rights to the source code, documentation, and materials of the delivered software products.

Termination: If either party has evidence of the other party’s actual or anticipated breach, the non-breaching party may suspend its performance under the agreement and must notify the breaching party. If such breach is not remedied within 10 working days of receiving the notice, the non-breaching party may terminate the agreement by written notice.

Compensation: Neither party to the agreement may unilaterally terminate the agreement without legitimate cause. Any such action shall be deemed a breach of the agreement, and the breaching party shall be liable to pay the non-breaching party liquidated damages equivalent to 20% of the total consideration under the agreement.

BUSINESS

The following table sets forth details of our five largest customers for each year/period during the Track Record Period.

Year ended December 31, 2022

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer A . . .	2020	A digital building platform service provider established in September 2020 in China, operating as a subsidiary of a company listed on the Shenzhen Stock Exchange with over 20 years of experience in construction information technology	System integrator	Environmental Information Modeling (EIM) platform to engage the end user for Guangyang Island’s planning, construction, management, operations, architecture, and vegetation management, delivering digital twin systems, CIM, AES, API and other targeted services	payment terms are structured in five stages with payments made within 15 working days after receiving corresponding VAT invoices and meeting specific milestones: 20% upon contract signing and owner’s 20% payment, 30% after completing 70% of development work and owner’s 50% payment, 30% after initial acceptance and owner’s 80% payment, 17% after final acceptance and owner’s 97% payment, and final 3% two years after delivery when owner pays 100%.	11,989	7.1

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer B . . .	2018	A software and information technology services company established in July 2018 in China specializing in software development, information system integration, big data services, IoT applications, AI software development, and digital technology consulting for various industries	System integrator & End user	Digital twin pipeline systems, CIM, AES, API and other related technologies	30% within 6 months after final acceptance, 60% within 9 months after final acceptance, and final 10% within 12 months after final acceptance.	11,127	6.5
Customer C . . .	2021	An Internet and related services company established in June 2001 in China, operating as a subsidiary of an internet company listed on Nasdaq and Stock Exchange	System integrator	Urban digital twin system with AI-powered smart city solutions for government services, industry applications, and vertical business scenarios	Payment terms are structured as a performance-based system over 3 years with 7 installments tied to semi-annual and annual service evaluations: an initial 95% payment after service preparation acceptance, followed by 6 performance-linked payments within 15 working days of each evaluation, where actual payment amounts are calculated based on performance scores (0-100 points) that can reduce payments if performance falls below standards.	6,517	3.8

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer D . . .	2021	A one-stop hardcover living service platform company established in November 2017 in China, principally engaged in integrating design, construction, materials selection, delivery and after-sales services to provide innovative home renovation solutions	End user	WDP software, exclusive city base layer, and industry APIs. The end user employs the integrated software solution to leverage WDP software and access the exclusive city base platform for urban planning and management activities.	60% down payment within 7 working days after contract execution, and 40% final payment within 7 working days after project completion and delivery.	5,642	3.3
Customer E	2020	A third-party national motor vehicle product inspection organization established in August 2016 in China	End user	SimOne software-based application scenario simulation testing platform, including application layer message parsing tools, wireless comprehensive testing instruments, signal simulator, and communication testing equipment. The end user employs the integrated hardware-software solution to conduct comprehensive wireless testing, establish 5G communication networks, and simulate signals.	20% advance payment within 20 working days after contract execution, 20% within 20 working days after receiving partial hardware delivery (excluding 4 static simulators), 50% within 10 working days after final acceptance, and 10% quality retention payment within 10 working days after the 12-month warranty period expires.	4,850	2.9
Total						40,125	23.6

BUSINESS

Year ended December 31, 2023

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount <i>(RMB in thousands)</i>	Percentage of total revenue <i>(%)</i>
Customer F	2022	A full-featured GPU chip and one-stop solution provider established in June 2020 in China, principally engaged in the development of next-generation GPUs for meta-computing applications, creating an integrated computing platform that combines visual computing, 3D graphics, scientific computing and AI to support cloud-native GPU computing ecosystems and drive digital economy development	End user	Integrated hardware-software system featuring cloud software on a quasi-server platform. To empower the implementation of domestic GPUs in the digital twin and metaverse industries, we provide cloud rendering technology that technically adapts to Customer F’s GPU, improving Customer F’s GPU operational efficiency and reducing the adaptation and application costs of domestic GPUs in the digital twin industry.	approximately 73% down payment within 3 working days after contract execution and invoice receipt, and approximately 27% final payment within 3 working days after acceptance	40,487	15.8
Customer B . . .	2018	A software and information technology services company established in July 2018 in China, principally engaged in software development, information system integration, big data services, and information systems consulting	System integrator & End user	Digital twin systems, CIM, AES, API and other related technologies	83% has already been paid upon contract execution, with the remaining 17% held as quality retention payment to be paid within 30 calendar days after the customer receives corresponding payment from the end user.	26,366	10.3

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer G . . .	2019	A big data service and software service provider established in March 2017 in China, principally engaged in big data services, software development, network security software, information system integration, data processing, and technical consulting services	System integrator & End user	AES simulation software delivering integrated water, land, and air scenarios for underwater observation, 3D robot path visualization, and data analysis	25% down payment within 5 working days after contract execution, 50% interim payment within 5 working days after system delivery and preliminary acceptance, 20% final payment within 5 working days after final acceptance, and 5% quality retention payment within 5 working days after the warranty period expires.	14,541	5.7
Customer H . . .	2021	A technology promotion and application services company established in July 2016 in China, principally engaged in consulting, development and promotion related to technology, and exhibition planning and conference services	System integrator & End user	Customized software development based on 51Aes platform for large-scale scenario development and optimization, system integration, data research and joint debugging	20% within 30 working days after contract execution, 30% within 30 working days after trial operation completion and report signing, 40% within 30 working days after final acceptance and report signing, and 5% annually within 30 working days after each year's maintenance assessment (totaling 10% over the 2-year maintenance period)	8,909	3.5

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer I	2022	A computer software research and development, application and service provider established in May 1996 in China, principally engaged in the software development, applications and services, with core focus on industry application software in insurance and public health sectors	System integrator	Integrated hardware-software solution including system integration, data research and debugging, and necessary hardware (screens, computers, and camera monitoring systems). The end user employs the system in its regular operations of the Big Data Center, particularly for supporting visitor reception activities.	40% down payment within 15 working days after contract execution, 30% interim payment within 15 working days after service provision and hardware installation completion, and 30% acceptance payment within 15 working days after project completion and acceptance.	7,787	3.0
Total						98,090	38.3

Year ended December 31, 2024

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer J . . .	2024	A government institution under the local people’s government of a city in China	End user	A multi-layered digital twin infrastructure agricultural industry management systems, promotional media content, and smart hardware solutions. The end user utilizes the platform to manage a smart agriculture system, accessing integrated business systems, visualization tools, and specialized mini- programs through digital twin technology.	30% advance payment after contract execution, progress payments reaching 50% when 70% work is completed and 80% when 100% work is completed (both subject to audit confirmation), final payment of 97% of settlement amount within 15 working days after overall acceptance and audit report, and 3% quality retention payment after the 3-year warranty period expires.	42,566	14.8

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer I . . .	2022	A computer software research and development, application and service provider established in May 1996 in China, principally engaged in the software development, applications and services, with core focus on industry application software in insurance and public health sectors	System integrator	A data-driven, reality-integrated rural visualization platform combining business applications, resource integration, and marketing displays within a unified three-dimensional interface. The end users employ these digital twin systems to enhance regional governance through integrated platforms that support administrative functions, public services, and collaborative decision-making processes.	35% advance payment within 15 days after contract execution, 45% progress payment after delivery acceptance by both customer and end user when project meets completion settlement conditions, 10% final acceptance payment within 7 days after receiving the completion settlement audit report, and 10% quality retention payment after the 3-year warranty period expires.	35,549	12.4
Chengdu Suojiansuode Media Group Co., Ltd.* (成都所見所得傳媒集團有限公司)	2024	A media company established in 2022 in China, principally engaged in the film production services, online sales, information consulting services, technology development, enterprise management, marketing planning, and performance agency services	End user	3D scene and interactive customized development and digital marketing material production services. A digitalized exhibition hall and the 3D scenes, interactive features and AI+3D marketing materials for three scenic areas, namely Qingxiu Mountain, Yuhua Palace and Dujiangyan. The end user utilizes the software provided by the Group to enhance tourism operations by offering immersive virtual tours of scenic areas.	20% down payment within 3 days after contract execution, 40% second payment within 3 days after interim version delivery, 30% third payment within 3 days after final version delivery, and 10% final payment within 3 days after overall project completion and delivery.	30,566	10.6

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer L . .	2021	A technology company established in 2018 in China, principally engaged in the provision of comprehensive technology services including promotion, consulting and development	System integrator & End user	A comprehensive enterprise platform built on digital twin infrastructure, encompassing integrated visualization systems, operational command center dashboards, virtual table arrangement tools, metaverse exhibition viewing capabilities, and data governance services	10% advance payment within 30 working days after contract execution, 20% progress payment within 30 working days after initial design completion and expert review, 30% preliminary acceptance payment within 30 working days after preliminary acceptance, 20% final acceptance payment within 30 working days after final acceptance, and 20% final payment within 30 working days after completion of the first year’s maintenance service period.	13,055	4.5

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer M . .	2023	An information systems company listed on the Shenzhen Stock Exchange in 2010, principally engaged in software technology innovation, digital enterprise solutions, and information systems for various sectors	System integrator	A comprehensive digital twin platform, integrating advanced modeling capabilities, knowledge management systems, and robust data foundation layers to create a complete virtual representation that enables real-time monitoring, predictive analytics, and intelligent management of water resources and surrounding ecosystems. The end user employs the system to manage Heilongtan Reservoir operations through real-time data monitoring, visual simulation tools, and predictive analytics that optimize flood control, water resource allocation, and ecological protection activities.	30% advance payment after contract execution. 80% monthly progress payment after monthly certification. 85% payment upon project completion and final account audit, pay up to 98% within two years after completion and acceptance. Final 2% payment after engineering service period covering operation and maintenance obligations. 3% quality retention throughout project duration until completion.	11,783	4.1
Total . . .						133,519	46.4

Six months ended June 30, 2025

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer J	2024	A government institution under the local people’s government of a city in China	End user	A multi-layered digital twin Infrastructure agricultural industry management systems, promotional media content, and smart hardware solutions.	30% advanced payment after contract execution, progress payments reaching 50% when 70% work is completed and 80% when 100% work is	15,511	28.8

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
				The end user utilizes the platform to manage a smart agriculture system, accessing integrated business systems, visualization tools, and specialized mini- programs through digital twin technology	completed (both subject to audit confirmation), final payment of 97% of settlement amount within 15 working days after overall acceptance and audit report, and 3% quality retention payment after the 3-year warranty period expires.		
Customer N . . .	2025	Established in 1984, a state-owned construction and installation enterprise with registered capital over RMB100 million, holding Grade A general contracting qualifications for construction engineering and mechanical & electrical installation. The company specializes in construction installation services and intelligent building systems etc., and has participated in major national infrastructure projects	System integrator	Established an agricultural cloud virtual exhibition hall and a strawberry cloud virtual exhibition hall for Changping District, Beijing	RMB50,000 down payment upon contract execution, 80% progress payment before settlement audit, and remainder within 10 working days upon project completion and acceptance	4,245	7.9
Customer O . . .	2025	A technology-oriented enterprise established in Shanxi Province in 2017 with a registered capital of RMB10 million, and with technical services, technology development, and technical consulting as its core business operations	System integrator	Integrated water resources management platform with monitoring, disaster prevention, engineering operations, and mobile application capabilities.	20% down payment within 3 days after contract execution, 70% interim payment within 180 working days after project acceptance, and 10% final payment within 30 working days after 12 months from acceptance	3,626	6.7

BUSINESS

Customer	Commencement of relationship	Customer background and principal business	Customer Nature	Products or services sold	Credit terms	Revenue amount (RMB in thousands)	Percentage of total revenue (%)
Customer P . . .	2025	A leading provider of integrated smart agriculture solutions in China. Offers a full-suite agricultural machinery empowered by the integrated smart agriculture technologies that together support the entire agricultural production cycle. Headquartered in Weifang, Shandong	End user	A digital twin simulation platform built on SimOne for agricultural equipment testing and validation creating high-fidelity virtual agricultural environments with configurable models including cameras, millimeter-wave radar, and LiDAR to simulate real-world agriculture conditions.	20% down payment upon contract execution, 80% of hardware amount upon hardware delivery, 70% of software and service amount upon software acceptance, and remaining 10% warranty deposit within 1 year after final acceptance if no quality issues.	2,250	4.2
Customer Q . . .	2022	A leading global cloud computing service provider and one of the top cloud infrastructure providers worldwide	System integrator	An immersive cultural heritage experience platform featuring reconstructions of ancient Chinese archaeological sites including Yinxu (殷墟), Shijiahe (石家河), and Jiaojia (焦家), with detailed reproductions of natural environments, architecture, artifacts, and cultural practices integrated with social and task-based interaction systems.	20% upon initial project stage, 70% upon preliminary acceptance report and remaining 10% upon final acceptance report	2,079	3.9
Total						27,711	51.5

BUSINESS

During the Track Record Period, the majority of our top five projects each year/period were engaged by our five largest customers for the same year/period. Set forth below is the summary of our top five projects each year/period during the Track Record Period.

Year ended December 31, 2022

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Smart City Solutions . . .	Delivered an environmental information model platform for Guangyang Island.	13,000.0	Customer A	System integrator	An ecology company established in December 2017, principally engaged in ecological restoration, smart management, and green energy in Chongqing.	51CIM	11,988.9	—	November 2020	December 2022
Smart City Solutions . . .	Delivered a smart city platform featuring user interface design and comprehensive modules for economic performance, innovation, public services, etc.	6,109.9	Customer B	System integrator	A governmental administrative committee of a national inland development and opening-up new area in China.	51CIM	5,543.2	—	July 2020	September 2022
Digital Twin SaaS	Delivered an integrated software solution featuring WDP software, exclusive city base platform.	5,980.0	Customer D	End user	N/A	WDP	5,641.5	—	November 2022	December 2022
SIM	Delivered an integrated hardware-software solution including wireless testing instruments, 5G communication equipment, and signal simulators.	5,480.0	Customer E	End user	N/A	SimOne	4,849.6	—	September 2021	June 2022
Smart City Solutions . . .	Delivered a smart city platform that establishes AI model industrial bases	4,573.0	Customer C	System integrator	A government institution of the local people’s government of a city in China.	51CIM	4,282.6	—	November 2022	December 2022

Year ended December 31, 2023

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Cloud network	Delivered an integrated hardware-software solution featuring cloud software on a quasi-server system.	45,750.0	Customer F	End user	N/A	51XIM	40,486.7	—	November 2022	July 2023

BUSINESS

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Smart City Solutions . . .	Delivered a customizable 51Aes platform and multi-precision 3D digital twin foundation	12,000.0	A technology promotion company established in 2021 in China	System integrator	A governmental administrative committee under the local people’s government of a city in China.	51CIM	9,471.2	1,698.1 ⁽²⁾	April 2021	December 2023
Smart City Solutions . . .	Delivered a comprehensive implementation solution for big data center hardware and software.	8,312.2	Customer I	System integrator	A government department responsible for agricultural and rural economic development in a county of China.	51CIM	7,786.5	—	November 2022	August 2023
Smart City Solutions . . .	Delivered a digital twin system for a city with detailed models of 50 key buildings.	7,800.0	Customer H	System integrator	A government institution at the deputy-division level under the local people’s government of a city in China.	51CIM	7,207.5	—	September 2022	December 2023
Smart Energy & Industry	Delivered a simulation software that utilizes digital twin technology for training personnel on mining equipment, oil-gas station operations, and technical maintenance procedures	6,000.0	A public and research university in the PRC	End user	N/A	51XIM	5,660.4	—	March 2023	December 2023

Year ended December 31, 2024

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Smart City Solutions . . .	Delivered a digital twin system for a rural area with detailed models of buildings and plants.	71,285.0 ⁽⁴⁾	Customer J	End user	N/A	51CIM	42,566.0	24,684.0 ⁽³⁾	April 2024	December 2024
Smart City Solutions . . .	Delivered a comprehensive rural reform pilot project including the creation of a rural digital twin system with varying precision levels and the rural governance platform that integrates six functional centers, a mobile app, and cloud computing infrastructure.	30,344.8	Customer I	System integrator	A government department responsible for agricultural and rural economic development in a county of China.	51CIM	28,627.2	—	January 2024	December 2024

BUSINESS

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Smart Water Solutions	Delivered comprehensive digital transformation solutions for rural and water infrastructure projects.	12,490.0	Customer M	System integrator	A public institution under the local people's government of a province in China, responsible for water conservancy project construction, operation management, water resource scheduling, and ecological protection.	51WIM	11,783.0	—	December 2023	December 2024
Smart City Solutions . . .	Delivered digital solutions for a national convention centre, featuring a digital twin platform that integrated business systems for visualization, operations, table planning, virtual exhibitions, and data management.	12,000.0	Customer L	System integrator	A consulting company established in 2017, principally engaged in the provision of management consulting, financial consulting, corporate image planning, marketing planning, and investment management services.	51CIM	11,320.8	—	August 2024	December 2024
Smart City Solutions . . .	Delivered AI-enhanced 3D digital marketing materials tailored for the promotion of Dujiangyan scenic area	10,200.0	Chengdu Suojiansuode Media Group Co., Ltd.* (成都所見所得傳媒集團有限公司)	End user	N/A	51CIM	9,622.6	—	November 2024	December 2024

Six months ended June 30, 2025

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Smart City Solutions . . .	A multi-layered digital twin infrastructure agricultural industry management systems, promotional media content, and smart hardware solutions. The end user utilizes the platform to manage a smart agriculture system, accessing integrated business systems, visualization tools, and specialized mini- programs through digital twin technology	70,461.8 ⁽⁴⁾	Customer J	End user	N/A	51CIM	15,511.1	8,396.2	April 2024	March 2025
Smart City Solutions . . .	Established an agricultural cloud virtual exhibition hall and a strawberry cloud virtual exhibition hall for Changping District, Beijing	4,500.0	Customer N	System integrator	Customer J: A government institution under the local people's government of a city in China	51CIM	4,245.3	—	December 2024	March 2025

BUSINESS

Project Nature	Project Scope	Contract Sum (RMB in thousands) ⁽¹⁾	Customer	Customer Nature	Background of End User	Products Supplied	Revenue Recognised (RMB in thousands)	Expected Revenue (RMB in thousands)	Contract Date	Completion Date
Smart Water Solutions	Integrated water resources management platform with monitoring, disaster prevention, engineering operations, and mobile application capabilities.	3,880.0	Customer O	System Integrator	A water affairs management bureau under the local people's government of a county in China	51WIM	3,626.5	—	November 2024	June 2025
SimOne	Leverages the SimOne simulation platform to provide a high-fidelity virtual environment for agricultural vehicle operations. It enables the detailed configuration and simulation of multiple sensor types, allowing users to test, validate, and evaluate intelligent driving controllers through sensor-in-the-loop simulations. The platform supports custom sensor parameters, realistic signal outputs, and integrates seamlessly with perception and fusion algorithms for comprehensive system validation.	2,450.0	Customer P	End user	N/A	SimOne	2,250.0	—	January 2025	June 2025
Smart Park Solutions ..	A comprehensive PaaS software suite, including a scene editor that enables users to generate foundational environments based on their own data. The project covers a surrounding area of 100 square kilometers with L3 precision. Additionally, the solution integrates building management, park operations management platforms, and a cockpit operating system within the digital environment.	2,200.0	Customer Q	End user	N/A	51CIM	1,946.9	—	April 2025	June 2025

Note :

- (1) Discrepancies between contract sum and the sum of recognized and expected revenue of the top five projects for each period during the Track Record Period are mainly attributable to tax differences, as revenue is recognized net of applicable taxes.
- (2) Mainly represents for maintenance and upgrade services after sale and shall be recognized over the period.
- (3) This large-scale and high-value project comprises multiple distinct modules, each with specific requirements. Revenue recognition follows the progress of completion of purchase orders for such modules stipulated in the contract. In 2024 RMB45.1 million in contract revenue was recognized for modules that were completed and accepted by the customer during the year. Revenue from the remaining modules, along with post-sale maintenance and upgrade services, will be recognized in the years after 2024.
- (4) During the first half of 2025, the contract sum for this project was revised downward from RMB71.3 million to RMB70.5 million. This adjustment resulted from the customer's decision to reduce the overall contract value of the broader project scope. As a consequence of this reduction in the master project contract, our proportional contract value was correspondingly adjusted downward to reflect the revised project parameters and deliverables.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned over 5% of our Company's issued share capital) had any interest in any of our five largest customers for each year/period during the Track Record Period, except for Customer F, which is a Shareholder of our Company. See “History—[REDACTED] Investments.” As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, save for Chengdu Suojiansuode Media Group Co., Ltd.* (成都所見所得傳媒集團有限公司) being a substantial shareholder

BUSINESS

of Chengdu Sanjian World Software Technology Co., Ltd.* (成都三見世界軟件科技有限公司) and hence a connected person at subsidiary level of the Company under the Listing Rules, there has been no other past or present relationship between the Group’s customers and the Company or its subsidiaries, their directors, shareholders, senior management, or any of their respective associates. Our Directors further confirm that, to the best of their knowledge, save for Chengdu Suojiansuode Media Group Co., Ltd. being a substantial shareholder of Chengdu Sanjian World Software Technology Co., Ltd. and hence a connected person at subsidiary level of the Company under the Listing Rules, there has been no other past or present relationships (family, business, financing, trust, shareholding or otherwise) between Chengdu Suojiansuode, its major downstream customers, its ultimate controller and the Company or its subsidiaries, their controlling or substantial shareholders, directors, supervisors or senior management, or any of their respective associates.

The following table sets forth details of the movement of our project backlog during the Track Record Period.

	As of December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Number of projects at the beginning of the period	118	139	124	152
Add: new projects	301	287	257	107
Less: completed projects	280	302	229	75
Number of projects in progress at the end of the period	139	124	152	184
Project backlog value (RMB’000) ⁽¹⁾	195,367	107,567	107,863	126,167

Note:

1. Project backlog value means the portion of the total estimated revenue that has not been recognized with respect to projects which had not been completed as of the end of the relevant period indicated.

Project backlog value decreased from RMB195.4 million in 2022 to RMB107.9 million in 2024 and RMB126.2 million for the six months ended June 30, 2025 primarily due to our accelerated project execution processes and enhanced sales followup with customers regarding delivery requirements and acceptance procedures, resulting in increased revenue recognition from 2023 and a corresponding reduction in project backlog value.

OUR SUPPLIERS

During the Track Record Period, our suppliers mainly consisted of hardware vendors, such as all-in-one PCs and specialized equipment, and software vendors, such as scene design, art rendering, system development and digital model modeling. We provide products and solutions on a project-by-project basis, and therefore software or software service procurement could be affected by the different requirements of projects we work on from time to time. During the Track Record Period, software suppliers provided various software or software services such as 3D model editing, interactive interface, cloud resources, mid-end and back-end system development etc. While we purchase certain software from such software vendors, such software are mainly used for the development or integration with our products and solutions and not for reselling purposes. Purchases from our five largest suppliers of respective year/period in 2022, 2023 and 2024 and for the six months ended June 30, 2025 amounted to RMB46.5 million, RMB10.7 million, RMB34.4 million and RMB17.2 million, respectively, representing 63.9%, 41.9%, 32.7% and 71.5% of our total purchases in the same year/period, respectively. Our products and solutions are mainly offered on a project-by-project basis and

BUSINESS

therefore our procurement from our five largest suppliers for each year/period during the Track Record Period may fluctuate based on specific conditions and requirements of projects ongoing at the time. Our purchases from our five largest suppliers of respective year/period in 2022 was relatively higher than in 2023 and 2024 primarily due to the significant procurement amount from Supplier A which accounted for approximately 43.4% of our total purchases in 2022. In connection with our project with Customer F (our largest customer in 2023), we procured over 600 servers from Supplier A to integrate our digital twin solutions with Customer F’s GPUs. In connection with our project with Customer J, for the six months ended June 30, 2025, Supplier N contributed to approximately 39.8% of our total procurement during the period. For details of our project with Customer F and Customer J, see “—Our customers” above.

To the best knowledge of our Directors, each of our five largest suppliers for each year/period during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers for each period during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. None of our Directors, their close associates, or any Shareholder, which to the best knowledge of our Directors owns more than 5.0% of the total number of issued Shares, had any interest in any of our five largest suppliers for each period during the Track Record Period.

Below is a summary of the key terms of a typical agreement with software and hardware devices suppliers:

Products. The supplier provides us with products, such as software products and hardware devices as specified in the master agreement or purchase order.

Term. Typically one to three years, or until both parties fulfill their obligations under the agreement.

Price. Unless otherwise agreed, the price of the products shall be fixed as set forth in the agreement or purchase order.

Payment. We are required to make payments to the supplier according to the payment schedule agreed by the parties. Certain suppliers also require prepayment.

Confidentiality. The supplier agrees to keep confidential any information in relation to the performance of the agreement, including but not limited to any documents, know-how and other information and data related to us, the agreement or the purchase order.

Delay of Supply. In the event of a delay in the delivery of ordered products, the supplier shall be liable to pay a daily late penalty calculated as a percentage of the total contract price, following our written notification. If the delay exceeds the pre-agreed number of days, we are entitled to terminate the agreement, and the supplier shall pay a penalty fee for breaching the agreement.

Termination: If either party fundamentally or seriously breaches a primary obligation under the agreement and fails to remedy the breach within a reasonable period after notice, the nonbreaching party may terminate the contract with written notice.

BUSINESS

Compensation: The supplier shall be liable to pay liquidated damages equivalent to 20% of the total consideration under the agreement and fully compensate us for any losses incurred as a result of its action deemed a breach of the agreement.

Below is a summary of the key terms of a typical agreement with technical services providers:

Services. The supplier provides us with technical services including operational and maintenance services, as specified in the master agreement.

Term. Typically one to three years, or until both parties fulfill their obligations under the agreement.

Fee. The service fee shall be fixed as set forth in the agreement or service order.

Payment. We are required to make payments to the supplier according to the payment schedule agreed by the parties.

Confidentiality. The supplier agrees to keep confidential any information in relation to the performance of the agreement, including but not limited to any documents, know-how and other information related to us, the agreement or the purchase order.

Intellectual Property: We are entitled to the full intellectual property rights and ownership over the products and deliverables created during the provision of services by the supplier.

Delay of Supply. In the event of a delay in the delivery of services, the supplier shall be liable to pay a daily late penalty calculated as a percentage of the total contract price, following our written notification. If the delay exceeds the pre-agreed number of days, we are entitled to terminate the agreement, and the supplier shall pay a penalty fee for breaching the agreement.

Termination: If either party fundamentally or seriously breaches a primary obligation under the agreement and fails to remedy the breach within a reasonable period after notice, the nonbreaching party may terminate the contract with written notice.

Compensation: The supplier shall be liable to pay liquidated damages equivalent to 20% of the total consideration under the agreement and fully compensate us for any losses incurred as a result of its action deemed a breach of the agreement.

The following table sets forth details of our five largest suppliers for each period during the Track Record Period.

Year ended December 31, 2022

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> (RMB in thousands)	<u>Percentage of total purchases</u> (%)
Supplier A	2022	A hardware and software manufacturer established in December 2016 in China, principally engaged in the research and development of data center products, and the production, sales and service of software and hardware products	hardware devices	31,637	43.4

BUSINESS

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> (RMB in thousands)	<u>Percentage of total purchases</u> (%)
Supplier B	2020	A human resource service and digital technology solution provider established in March 2017 in China, principally engaged in the business of general service outsourcing, digital technology and cloud services, digital operations and customer service, professional recruitment and other human resources solutions ^{Note}	technical services	4,930	6.8
Supplier C	2022	A technical service and software service provider established in June 2001 in China, principally engaged in technology development, technology services, computer technology training, and computer system services	software services	3,491	4.8
Supplier D	2019	A software service and design service provider established in December 2018 in China, principally engaged in software development and sales, landscape engineering design, housing construction engineering, multimedia design, etc.	software services	3,404	4.7
Supplier E	2022	An engineering construction service, technical service, computer device and software service provider established in April 2015 in China, principally engaged in engineering construction, technology development, and sale of computers, software and mechanical equipment	software services/ hardware devices	3,031	4.2
Total				46,493	63.9

Year ended December 31, 2023

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> (RMB in thousands)	<u>Percentage of total purchases</u> (%)
Supplier F	2023	A technology research and development service provider established in July 2010 in China, principally engaged in the research and development of electronics, communications and automatic control technologies, and mechanical technology development services.	software services/ hardware devices	3,763	14.8
Supplier D	2019	A software service and design service provider established in December 2018 in China, principally engaged in software development and sales, landscape engineering design, housing construction engineering, multimedia design, etc.	software services	2,158	8.5

BUSINESS

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> (RMB in thousands)	<u>Percentage of total purchases</u> (%)
Supplier G	2021	A technical service, software service and hardware device provider established in August 2016 in China, principally engaged in the business of digital technology services, archaeology-related services, consulting and promotion, computer system services, big data services, and the sale of software and hardware products	software services	1,754	6.9
Supplier B	2020	A human resource service and digital technology solution provider established in July 2018 in China, principally engaged in the business of general service outsourcing, digital technology and cloud services, digital operations and customer service, professional recruitment and other human resources solutions ^{Note}	technical services	1,581	6.2
Supplier H	2022	A design service and hardware device provider established in August 2007 in China, principally engaged in interior decoration design, graphic design and production, and furniture design	hardware devices	1,411	5.5
Total				10,667	41.9

Year ended December 31, 2024

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> (RMB in thousands)	<u>Percentage of total purchases</u> (%)
Supplier I	2024	a high-tech innovation company established in February 2016 in China, principally engaged in the application of big data in agriculture and rural areas by providing data support and management-level services for business scenarios such as agricultural production and management	software services	9,057	8.6
Supplier J	2023	a software company established in July 2001 in China, principally engaged in the business of software development for industry applications and system integration	software services	7,575	7.2
Supplier K	2024	a large state-controlled communications enterprise and one of China’s three major telecommunications operators	software services	6,950	6.6

BUSINESS

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> <i>(RMB in thousands)</i>	<u>Percentage of total purchases</u> <i>(%)</i>
Supplier L	2024	a technology company established in March 2003 in China, principally engaged in the business of technical services and advertising media	software services	5,649	5.4
Supplier M	2024	a cultural communication company established in October 2016 in China, principally engaged in cultural and artistic event planning, marketing planning, conference and exhibition services, and public relations services	software services	5,189	4.9
Total				34,421	32.7

Six months ended June 30, 2025

<u>Supplier</u>	<u>Commencement of relationship</u>	<u>Supplier background and principal business</u>	<u>Products or services purchased</u>	<u>Purchase amount</u> <i>(RMB in thousands)</i>	<u>Percentage of total purchases</u> <i>(%)</i>
Supplier N . . .	2024	Established in 1960, a national-level agricultural research institution specializing in fruit tree and melon research, operating 6 departments and 9 research centers with comprehensive coverage of germplasm resources, genetic breeding, cultivation physiology, and quality testing. Houses multiple national key laboratories and germplasm resource repositories	Software services (specifically digital agriculture solutions relating to the development of the agricultural industry management systems for Customer J’s project, including strawberry seedling breeding base development, breeding technology R&D, new variety introduction and germplasm resource protection, and agricultural technology training base establishment)	9,588	39.8

BUSINESS

Supplier	Commencement of relationship	Supplier background and principal business	Products or services purchased	Purchase amount (RMB in thousands)	Percentage of total purchases (%)
Supplier O . . .	2024	Established in 2014, a publicly-listed technology company focusing on 'Art + Technology' integration, with self-developed AI education platforms and art enlightenment systems, promoting digitalization and intelligent development in arts training sector	Software services	2,547	10.6
Supplier P . . .	2024	Established in 2009, a certified national high-tech enterprise specializing in software outsourcing services and project development, holding 30+ software copyrights and serving government, financial, telecommunications, and energy sector clients including major state-owned enterprises	Software services	1,881	7.8
Supplier Q . . .	2024	Established in 1990, a state-owned enterprise wholly owned by a Beijing agricultural university, serving as the operating entity of a nationally recognized university science park, providing enterprise management consulting, technology services, and business training.	Software services	1,792	7.4
Supplier R . . .	2021	Established in 2015, a national high-tech enterprise headquartered in Shanghai Pudong, specializing in radio frequency and wireless communication testing and measurement technology solutions	Hardware devices	1,433	5.9
Total . . .				17,241	71.5

Note:

While Supplier B provides human resource services, its principal business also involves the provision of digital technology solutions and its transactions with our Group mainly involved 3D model production services. Supplier B was selected based on its ability to provide on-site teams for model production, particularly for time-sensitive projects, as well as its proximity to our engineering production center in Chengdu which enables efficient communication and cost-effective delivery.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, some of our customers were also our suppliers.

Customer C, one of our five largest customers in 2022, was also a supplier during the Track Record Period. As a customer, Customer C purchased digital twin visualization products and solutions from the Group. As a supplier, Customer C provided AI knowledge graph and generative Q&A capabilities along with related development services to the Group. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the sales amount was approximately RMB6.5 million, RMB1.4 million, RMB 0.03 million and nil, respectively, and the procurement amount was nil, nil, approximately RMB0.9 million and nil, respectively.

BUSINESS

Supplier H, one of our five largest suppliers in 2023, was also a customer during the Track Record Period. As a supplier, Supplier H mainly provided high-end customized imported furniture and interior decorative items to the Group in connection with a metaverse project for one of our customers. Specifically, the project required us to deliver several sets of high-end showroom designs integrating both virtual presentations and physical installations, where the virtual designs in our metaverse platform correspond to actual physical showrooms. This integration enables end users to experience and purchase high-end furniture through an immersive online-to-offline model. We engaged Supplier H, which specializes in interior design and project management, based on its ability to meet our delivery schedule and cost requirements. As a customer, Supplier H purchased WDP from the Group. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the procurement amount was nil, RMB1.4 million, nil and nil, respectively, and the sales amount was approximately RMB0.5 million, nil, nil and nil, respectively.

Supplier I, one of our five largest suppliers in 2024, was also a customer during the Track Record Period. As a supplier, Supplier I mainly provided agriculture related data and systems. As a customer, Supplier I purchased 51CIM solutions as a system integrator for a smart village project from the Group. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the procurement amount was nil, nil, RMB9.1 million and nil, respectively, and the sales amount was approximately nil, nil, RMB4.2 million and nil, respectively.

Supplier J, one of our five largest suppliers in 2024, was also a customer during the Track Record Period. As a supplier, Supplier J mainly provided the data engine, data sets and professional water conservancy systems and algorithms for a water conservancy project. As a customer, Supplier J purchased 51WIM, WDP and customized solutions as a system integrator for the Xiaolangdi Water Conservancy Hub project from the Group. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the procurement amount was nil, nil, RMB7.6 million and nil, respectively, and the sales amount was approximately nil, RMB2.2 million, RMB1.6 million and nil, respectively.

Our purchases and sales with these overlapping customers and suppliers were not interconditional with each other. Our Directors have confirmed that our sales to and purchases from these customers and suppliers were conducted in the ordinary course of business under normal commercial terms. The terms of our agreements with these customers and suppliers are substantially the same as those with our other suppliers and customers. Our revenue from and purchase amount attributable to the remaining overlapping customers and suppliers were immaterial during the Track Record Period.

CUSTOMERS LISTED ON THE ENTITY LIST

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security (the “BIS”) of the U.S. Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “Entity List”). When a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. Certain of our customers and shareholders are listed on the Entity List: (i) Entity 1 as our customer, (ii) Entity 2 as a shareholder of our Company and (iii) Entity 3 as a shareholder of our Company and a customer (collectively referred to as the “Relevant Entities”). These restrictions can limit their operational capabilities and affect these customers’ demands for our products and solutions.

BUSINESS

As of the Latest Practicable Date, Entity 2 is interested in 2.3% of shareholding in the total share capital of our Company and Entity 3 is interested in 0.5% of shareholding in the total share capital of our Company.

Entity 1 was designated by the U.S. Department of Commerce, Bureau of Industry and Security on the Entity List effective from October 9, 2019. Provision of items subject to the EAR without a license from BIS to Entity 1 is prohibited. License application is subject to a presumption of denial. Entity 2 was designated by the Office of Foreign Assets Control on the Non-SDN Chinese Military-Industrial Complex Companies List (“NS-CMIC List”) effective August 2, 2021. United States persons are prohibited beginning on February 8, 2022, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of Entity 2 unless licensed or authorized by the relevant U.S. government authority. Entity 3 was designated by the BIS on the Entity List effective from October 17, 2023. Provisions of items subject to the EAR without a license from BIS to Entity 3 is prohibited. License application is subject to a presumption of denial. Entity 1 is a prominent Chinese artificial intelligence and speech technology company listed on the Shenzhen Stock Exchange, specializing in intelligent speech and language technologies. Entity 2 is a leading Chinese artificial intelligence company focused on computer vision and deep learning technologies, listed on the Hong Kong Stock Exchange. Entity 3 is a Chinese semiconductor company that holds a significant market position in the GPU sector, specializing in the design and development of graphics cards and visual computing solutions.

During the Track Record Period, our activities with the Relevant Entities were limited to the sales of 51Aes and 51Earth products denominated in RMB, which were not conducted in relation to, or otherwise involve, any export-controlled products. Revenue attributable to Entity 1 amounted to approximately RMB84,000, RMB0.3 million, RMB0.1 million and nil in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, accounting for approximately nil, 0.1%, nil and nil of our total revenue for the same periods, respectively; revenue attributable to Entity 3 amounted to approximately nil, RMB40.5 million, nil and nil in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, accounting for approximately nil, 15.8%, nil and nil of our total revenue for the same periods.

We confirm that (i) no financing or financial assistance has been received by us, during the Track Record Period, either directly or indirectly, from any company, entity or body incorporated or located in the United States, and (ii) no products (including 51Aes and 51Earth products) supplied, sold, exported or otherwise transferred by the Group incorporate 10% or more (by value) of U.S.-origin content⁽¹⁾.

Based on the above and the advice of the our sanctions advisor, our Directors, as concurred by the Joint Sponsors, are of the view that (i) considering that our activities with the Relevant Entities were limited to sales of 51Aes and 51Earth products denominated in RMB and hence do not involve any U.S. nexus, and on the basis of the nature of such products sold to the two Relevant Entities (i.e. none of the products supplied, sold, exported, transported or otherwise transferred by us are of U.S. origin, the U.S. origin content contained in the products supplied, sold, exported, transported or otherwise transferred by the Group are not export controlled and the amount of such U.S. origin content does not exceed 10% of the value of the products and do not incorporate U.S. origin content), the EAR restrictions applicable to the Relevant Entities are not implicated by our activities with the Relevant Entities, and (ii) no products subject to the EAR have been exported to any persons or entities

BUSINESS

identified on the Entity List, and the business dealings of the Group with the Relevant Entities do not violate or implicate any breaches of applicable U.S. sanctions laws and regulations.

As such, during the Track Record Period, we did not engage in Primary Sanctioned Activity⁽²⁾ because there were no activities in a Sanctioned Country⁽²⁾ or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target⁽²⁾, by our Company and any subsidiaries incorporated or located in a Relevant Jurisdiction⁽²⁾ or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. During the Track Record Period, we did not engage in Secondary Sanctionable Activity⁽²⁾ because there were no activities targeted by extra-territorial provisions of sanctions laws or regulations in the Relevant Jurisdictions. Based on the foregoing, our Directors are of the view, and the Joint Sponsors concur, that there are no material imminent risks or historical impact relating to EAR with respect to our products and solutions that would have a material impact on our business, results of operations, and financial condition.

We have put in place a variety of internal control measures that require our staff to identify entities who are listed on the Entity List to monitor relevant risks related to EAR and ensure no U.S.-origin goods, software, and technologies are being transferred to such entities under our transactions with them. One the basis of the aforementioned conclusion that there are no material imminent risks relating to EAR with respect to our products and solutions, we undertake to consult with sanctions advisors before engaging any relevant new business to ensure that transactions comply with international sanctions and export control regulations, and we will also ensure that transactions with the Relevant Entities will not, under any circumstances, involve any U.S.-origin products or products subject to U.S. export controls. Based on the foregoing analysis, the nature of our products, our established compliance framework, and our commitment to ongoing sanctions compliance, the Directors are of the view, and the Joint Sponsors concur, that sanctions-related risks with respect to our business with the Relevant Entities are manageable and do not pose material adverse risks to the Group’s operations and financial performance.

However, the aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States or other relevant authorities in other jurisdictions, may materially and adversely affect our customers’ ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition. For a relevant risk factor, see “Risk Factors—Risks Relating to Government Regulations—Export Control and economic or trade restrictions that were imposed on our customers may affect our business, financial conditions and results of operations.”

Notes:

- (1) Based on discussions with our sanctions advisor, we understand that the EAR generally applies to (i) exports of commodities, software and technology from the United States to foreign countries and to re-export from one foreign country to another; and (ii) shipments from one foreign country to another of foreign-made products that incorporate more than de minimis amount (varying from 25% to less than 10%) of controlled U.S. origin parts, components or materials or (iii) the foreign direct product with certain controlled U.S. technology
- (2) Each as defined under Chapter 4.4 under the Guide for New Listing Applicants

BUSINESS

TRANSFER PRICING ARRANGEMENTS

During the tracking period, we primarily conducted our business through subsidiaries in China and established subsidiaries in overseas jurisdictions to expand our international market operations. During the same period, our international intra-group transactions mainly included: (i) software customization development services provided by Wanjing Xiangjing Technology (Chengdu) Co., Ltd. under the entrustment of Beijing 51world Digital Twin Technology Co., Ltd., ultimately completing service delivery to customers; and (ii) overseas orders undertaken by 51VR PTY Ltd., which entrusted Beijing 51world Digital Twin Technology Co., Ltd. to provide software development and technical support services (collectively referred to as the “Covered Transactions”).

The Organisation for Economic Co-operation and Development (“OECD”), as an international organization for international cooperation, has promulgated the “OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations” (the “OECD Transfer Pricing Guidelines”), which are generally followed by relevant tax jurisdictions involved in international intra-group transactions. According to the OECD Transfer Pricing Guidelines, intra-group transactions should adhere to the arm’s length principle to prevent the distortion of taxable income in different tax jurisdictions.

We have engaged Transfer Pricing Advisor to conduct a transfer pricing review and benchmarking study for the Covered Transactions during the tracking period to assess whether our transfer pricing arrangements comply with the arm’s length principle of the OECD Transfer Pricing Guidelines. The Transfer Pricing Advisor performed an independent analysis and concluded that, during the Track Record Period, the transfer pricing arrangements for the Covered Transactions were in compliance with the arm’s length principle of the OECD Transfer Pricing Guidelines on the basis of, (i) the selection of appropriate transfer pricing methods (cost-plus method and profit split method) based on the functional and risk profiles of each party; (ii) comparability analyses demonstrating that the profit margins fall within the arm’s length range; and (iii) value contribution analyses confirming that profit allocations reflect the functions performed and risks assumed by each party.

PATH TO PROFITABILITY

We are dedicated to accelerating the commercialization of our products and solutions.

The following chart illustrates the timeline of the commercialization of our products and solutions:

	51Aes	51Sim	51Earth
Commencement of revenue generation	2015	2018	2022

The following table sets forth a breakdown of our revenue by business lines during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
51Aes	141,627	83.3	204,586	79.8	236,166	82.2	26,014	78.3	43,784	81.3
51Sim	25,926	15.3	42,453	16.6	47,595	16.6	3,804	11.5	7,942	14.8
51Earth	2,424	1.4	9,263	3.6	3,601	1.2	3,397	10.2	2,094	3.9
Total	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

BUSINESS

We have experienced revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our products and solutions. Our revenue increased by 50.8% from RMB170.0 million in 2022 to RMB256.3 million in 2023 and further increased by 12.1% to RMB287.4 million in 2024. Our revenue increased by 62.0% from RMB33.2 million for the six months ended June 30, 2024 to RMB53.8 million for the six months ended June 30, 2025. According to Frost & Sullivan, the global digital twin solution market size grew from US\$3.9 billion in 2020 to US\$10.0 billion by 2024, at a CAGR of 26.4% from 2020 to 2024, and it is projected to grow further and reach US\$37.9 billion by 2029, at a CAGR of 30.6% from 2024 to 2029. With further penetration and development of the digital twin solution market, and by launching new products and solutions and upgrading existing products and solutions, we expect that we will capture the trend of industry growth and realize further increase of our revenue.

We recorded gross profit of RMB110.4 million, RMB139.0 million, RMB146.9 million, RMB16.6 million and RMB22.1 million, and gross profit margin of 65.0%, 54.2%, 51.1%, 50.0% and 41.1% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. The overall decrease in our gross profit margins during the Track Record Period was mainly attributable to changes in our revenue composition. While our overall revenue increased, an increasing portion was derived from solutions with higher hardware content, which typically carry higher associated costs. For instance, the decrease in gross profit margin for 51Aes from 55.7% in 2023 to 52.8% in 2024 was mainly due to the increased revenue contribution of certain Smart Village projects which had a lower profit margin as we served the role similar to system integrators or project coordinators in such projects. The additional coordination and third-party service components required in such projects typically carried lower margins compared to our own digital twin solutions, thereby lowering the overall profit margin. For example, in the Beijing Changping Smart Village project, which had a relatively high contract value, we served as the system integrator. This role required us to undertake additional responsibilities beyond our core offerings, including project coordination, third-party supplier management for complementary services and systems, and integration of diverse technological components essential for comprehensive village digitalization. However, these system integrator activities, generate lower margins than our core digital twin solutions. Consequently, the overall profit margin for this project was compressed despite its substantial contract value. The decrease in gross profit margin for 51Sim from 49.7% in 2023 to 45.9% in 2024 was primarily due to higher costs associated with two projects: (i) a complex tunnel driving simulation platform project, and (ii) an autonomous driving simulation and testing platform developed for a prominent Chinese automotive manufacturer. The extensive man-hours required for the development and customization of these projects contributed to their relatively lower gross profit margin. For details, see “Financial Information—Period to Period Comparison of Results of Operations.”

We had a net loss of RMB189.8 million, RMB87.1 million, RMB79.0 million, RMB65.1 million and RMB94.0 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The net losses were primarily due to the substantial amount of (i) research and development expenses incurred to develop and enhance our solutions and technologies, (ii) selling expenses incurred to increase our brand awareness and expand our customer base, (iii) general and administrative expenses, each including substantial share-based compensation paid to our employees, and (iv) changes in carrying amount of financial instruments issued to investors, which upon termination of redemption rights granted to investors have been reclassified to equity in 2024. Eliminating impact of items including (i) changes in carrying amount of financial instruments issued to investors, (ii) share-based payment and (iii) [REDACTED] we generated an adjusted net loss (non-IFRS measure) of RMB132.4 million, RMB68.1 million, RMB43.1 million, RMB60.3 million

BUSINESS

and RMB67.2 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. See “Financial Information–Description of Major Components of Our Results of Operations–Non-IFRS Measure.” Our adjusted net loss (non-IFRS measure) decreased from RMB132.4 million in 2022 to RMB68.1 million in 2023 primarily due to (i) the continued growth in our revenue to RMB256.3 million, representing a year-over-year increase of 50.8%, and (ii) our enhanced operational efficiency as evidenced by the decrease in our research and development expenses to RMB102.9 million, selling expenses to RMB51.4 million and general and administrative expenses to RMB50.3 million. Our adjusted net loss (non-IFRS measure) decreased to RMB43.1 million in 2024, primarily due to (i) our increased revenue from RMB256.3 million in 2023 to RMB287.4 million in 2024, and (ii) significantly decreased research and development expenses from RMB102.9 million in 2023 to RMB58.3 million in 2024 as we optimized our research and development activities. Our adjusted net loss (non-IFRS measure) increased from RMB60.3 million to for the six months ended June 30, 2024 to RMB67.2 million for the six months ended June 30, 2025, primarily due to (i) the increase in selling expenses of RMB9.1 million incurred to increase our brand awareness and expand our customer base, (ii) the increase in general and administrative expenses of RMB19.9 million primarily due to the increase in share-based payment expenses which were mainly due to the amortization of share options which were granted to Mr. Li Yi under the Pre-[REDACTED] share option scheme in the second half of 2024 (see Note 23 to the Accountants’ Report in Appendix I to this document for details), (iii) the increase in impairment losses on trade and other receivables and contract assets of RMB5.0 million primarily due to the increase in trade and other receivables following our business growth (particularly the significant amount of revenue recognized in the second half of 2024 and the first half of 2025) and resulting in corresponding increase in provision, and (iv) the increase in research and development expenses of RMB1.6 million, primarily attributable to an increase in technology service fees mainly related to outsourced R&D of several supportive and non-core software development tasks to third-party IT companies, partially offset by an improvement in gross profit of RMB5.5 million in line with the growth of our revenue.

We also experienced net operating cash outflows amounting to RMB104.3 million, RMB132.9 million, RMB114.3 million, RMB50.0 million and RMB41.7 million, respectively, in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, primarily due to the net losses incurred.

Historically, we have made significant investments in our R&D activities and selling efforts as we continued to develop and commercialize our products and solutions and expand our brand influence. These investments have contributed significantly to our net losses. Our R&D investments encompassed substantial costs related to the continuous development and enhancement of our core technologies across our product lines, requiring significant expenditure on skilled talent, research infrastructure, and development resources. As a technology company operating in the evolving digital twin market, we maintained multiple concurrent development projects across different technologies and platforms. Similarly, our selling efforts required substantial investment in market education and customer acquisition, particularly given the innovative nature of our solutions. We devoted significant resources to establishing our brand presence, building relationships with enterprise customers, and expanding our sales capabilities across different regions and sectors. These selling expenses included costs associated with customer education, pre-sales support, and marketing activities necessary to drive market adoption of our solutions. As a result, we were loss-making since our establishment in 2015 with accumulated losses of RMB966.4 million as of June 30, 2025. However, as we expand the scale and scope of our business, we expect to make continuous improvement to our operational efficiency.

BUSINESS

Despite that during the Track Record Period our revenue and gross profit continued to increase, and our net loss and adjusted net loss (non-IFRS measure) narrowed, **we may continue to incur net losses and net operating cash outflow in the near future, including the year ending December 31, 2025**, primarily due to the expected substantial operating costs and expenses. In the future, we aim to improve financial performance through: (i) enriching our business models, products and solutions, (ii) expanding customer base, and (iii) enhancing our operational efficiency.

Enriching our business models, products and solutions

Our commitment to innovation and responsiveness to market demands is central to our strategy. We are the leader in the digital twin industry in China, where rapid technological advancements necessitate continuous improvement and diversification of our product offerings. Our future profitability depends significantly on further monetizing our core technologies and expanding into new application scenarios and commercialization opportunities. Our core business lines—51Aes, 51Sim, and 51Earth—are at the centre of this strategy.

- **51Aes:** This platform includes AES (All Elements Scene), WDP (digital twin SaaS platform), and ISE (infinite simulation engine), providing comprehensive full-stack solutions. By offering products like 51CIM, 51WIM, and 51XIM, we cover sectors such as cities, parks, water conservation, industry and energy. These products and solutions are transaction-based, except for WDP, which is primarily subscription-based. Going forward, we plan to further promote such existing commercialized products while exploring additional application scenarios for technologies underlying 51Aes:
 - **51CIM:** 51CIM has been deployed in numerous new districts and cities across China, including the establishment of national-level new district digital twin platforms. These implementations have provided support for refined urban management and smart city construction, while also serving as benchmark cases for expanding our government and urban management customer base.
 - **51WIM:** This solution supports digital twin technology applications in water conservancy and water affairs, primarily targeting major water industry customers. We have established ongoing partnerships with multiple water conservancy government departments, research institutes, and design institutes, which serve as key long-term clients. Notable projects include the Xiaolangdi project, which has attracted additional clients from within the same industry.
 - **51XIM:** Focusing on providing digital twin solutions for industrial and energy sectors, we have concentrated on creating industry benchmark projects, such as virtual factories for reputable international automakers.

As the largest business line of the Group, 51Aes continues to create value for its customers as evidenced by average revenue per customer, which amounted to RMB0.9 million, RMB1.1 million, RMB1.8 million and RMB1.0 million in 2022, 2023 and 2024 and for the six months ended June 30, 2025, respectively. Furthermore, we continue to invest in product innovation and iteration and explore additional application scenarios for our technologies and solutions. Our latest focus is the development of 51GIM (GeoEnergy Information Model) targeting the geological energy industry, such as coal mining and resource evaluation, which requires solutions distinctly different from those implemented above ground. By improving the processing efficiency of geological energy information, it

BUSINESS

enhances the ability to predict and respond to changes in geological energy, providing support for sustainable mining development. As of the Latest Practicable Date, we have developed the V1.0 of 51GIM and have commenced initial commercialization efforts. In May 2025, we entered into a strategic collaboration framework agreement with a company in Chongqing that specializes in intelligent detection and early warning algorithms for coal mine disasters, as well as system platform development. This company is backed by the Coal Mine Disaster Dynamics Laboratory of a prestigious university in Southwest China. Under the strategic collaboration, we will provide 3D modeling and simulation platform support, while the collaborating company will focus on the construction of disaster prediction models and related technology development. As an initial step in this collaboration, in October 2025, we signed a procurement agreement with this university to supply an underground mining digital twin system for their laboratory, for a consideration of RMB0.9 million. In May 2025, we entered into an agreement to develop a comprehensive management and control platform for a coal mine located in Henan Province, with a contract value of RMB0.7 million. Delivery and acceptance of this project is expected in December 2025 as of the Latest Practicable Date. Our strategic focus on the coal mining sector is driven by extensive market research and discussions with potential customers that revealed demand for digitalization and digital twin technologies in this industry, particularly for applications in emergency response, mining safety, and accident prevention. The increasing automation in this industry, considering its economic importance and to address persistent safety issues, makes it particularly suitable for deployment of our digital twin solutions. These critical needs, combined with the sector’s government support for intelligent coal mine development, present a significant growth opportunity for our digital twin solutions.

Supported by government policies such as the “Guidelines on Accelerating the Intelligent Development of Coal Mines” promulgated by several departments including the National Development and Reform Commission, National Energy Administration, Ministry of Emergency Management, National Coal Mine Safety Administration, MIIT, and Ministry of Finance, we believe the application of our solutions in the geological energy industry is viable. According to Frost & Sullivan, coal serves as the foundation of China’s national energy strategy, accounting for over 50% of total primary energy consumption in 2024. There are approximately 4,300 coal mines nationwide in 2024, and coal mine production safety directly impacts production efficiency. The application of digital twin design and operation optimization solutions in coal mining sector is projected to create a total addressable market of over RMB30 billion by 2029, representing a CAGR of approximately 15% by from 2024 to 2029.

We aim to further develop a city digital infrastructure that interact with multi-dimensional indicators such as demographics, economy, architecture, industry, transportation, supporting facilities, finance and more. This city digital infrastructure will establish a comprehensive city-level digital twin foundation that accurately replicates physical urban environments, serving four key purposes: (i) urban planning and development through high-fidelity modeling of urban areas, enabling more efficient planning by government departments; (ii) urban management and operations by unifying data for real-time governance and emergency response; (iii) facilitation of intelligent urban applications for governance, renewal, and public services; and (iv) data monetization by charging content creators and software developers for access to urban data assets after establishing clear

BUSINESS

ownership rights. The platform primarily serves two customer groups: government departments (including urban planning bureaus, traffic management departments, and water resource bureaus) for city planning and management; and enterprises (such as urban investment companies, real estate developers, and energy companies) for project planning and operations. Our competitive advantages include flexible visualization capabilities at city-wide, regional, and individual element levels of detail; ease of use through our cloud-native architecture with multiple deployment options; and system openness that enables seamless integration with external systems and adaptable functionalities to meet diverse customer requirements.

- **51Sim:** As a pioneer in synthetic data and simulation, 51Sim offers platforms like SimOne and DataOne, crucial for intelligent driving and robotics. Our simulation technologies help optimize automatic driving algorithms, enhancing safety and performance. We will continue to support the evolution of high-level intelligent driving through data-driven closed-loop simulation and end-to-end simulation, aiming to expand our intelligent driving customer base. Furthermore, leveraging our extensive expertise in simulation, we will broaden the application scenarios of our simulation products, upgrading the SimOne platform to a general AI simulation platform, and combining it with the DataOne platform to accelerate the intelligent transformation of sectors such as embodied intelligence, construction machinery, and agriculture. For example, in the intelligent equipment industry, our solutions will empower the development and testing of automated port equipment, autonomous agricultural machinery, rail transit vehicles, mining equipment, and logistics and inspection robots. By providing high-fidelity virtual environments and comprehensive testing scenarios, we enable equipment manufacturers to validate the safety and performance of their autonomous systems before real-world deployment.
- In this regard, we have already secured collaborations with two strategic customers—one in the agriculture machinery sector and one in the port equipment sector—during the first quarter of 2025, demonstrating our ability to expand the application scenarios for our simulation capabilities. According to the relevant agreements, these two projects’ contract value is approximately RMB1.9 million and RMB2.4 million, respectively. The agricultural machinery project is for an industry leader in harvesting machinery and tractors, who represents one of the few domestic companies capable of providing comprehensive mechanization solutions for modern agriculture. For this project, we are developing a HIL simulation platform that includes digital recreation of a farm. This solution enables the customer to conduct algorithm verification and debugging during off-season periods when crop testing is not feasible. As of June 30, 2025, we have completed delivery of this project. The port equipment project is for a company that specializes in integrating artificial intelligence and autonomous control technologies into engineering machinery. They focus on providing efficient, safe, and unmanned solutions for industrial applications. The project involves developing a simulation environment for the customer’s unmanned tire crane operations in port yard scenarios. Our work centers on algorithm verification and testing to enhance the stability and accuracy of the crane’s intelligent systems. As of June 30, 2025, we have completed delivery of this project.
- These strategic directions were selected based on our assessment that these sectors present significant opportunities for automation transformation, with technical requirements that align closely with our core simulation technologies and 51Sim’s existing capabilities. Both

BUSINESS

sectors have demonstrated clear market demand for high-fidelity virtual testing environments to accelerate the deployment of autonomous systems while ensuring safety and performance standards. According to Frost & Sullivan, the application of digital twin AI training and validation solutions in agriculture machinery sector and port equipment sector, where 51Sim falls in, is projected to create a total addressable market of over RMB2 billion and RMB25 billion by 2029, respectively each growing at a CAGR of approximately 15% from 2024 to 2029.

Besides, our Synthverse AI synthetic data platform intends to comprehensively support the development of embodied AI with high quality, diverse, and cost-effective synthetic data tailored to complex real-world environments and diverse needs in the future. In the embodied intelligence sector, we will be extending our simulation capabilities to support the development of robots, including advanced mobile robots operating in complex environments, humanoid robots, and quadruped robots, as well as construction robots that enhance safety and efficiency at building sites. Our simulation products with real-time interaction capabilities will facilitate the training of robot perception, decision-making, and control algorithms, enabling more sophisticated and reliable robotic applications across various scenarios. According to Frost & Sullivan, market size of smart service robotic product and service market in China has reached over RMB80 billion in 2024 and is expected to reach over RMB200 billion in 2029, representing a CAGR of over 15% from 2024 to 2029. The embodied intelligence and robotics sectors are experiencing significant growth opportunities amid rapid advancements in artificial intelligence and robotics technologies, positioning them among the latest emerging high-potential industries. Automotive manufactures and their supply chain partners are increasingly establishing themselves as key stakeholders in the embodied intelligence and robotics markets, leveraging their competitive advantages in autonomous driving technology, manufacturing facility implementation, and supply chain optimization. Following such trend we expect to leverage our well-established relationships with such automotive companies developed through 51Sim to identify and explore opportunities of digital twin application across the emerging and expanding embodied intelligence and robotics sectors, particularly in areas where simulation-based development, testing and validation can accelerate innovation and deployment of robotics.

- **51Earth:** Our latest venture, 51Earth.com, which was launched in March 2024, aims to explore diverse monetization opportunities for digital Earth technology. By leveraging the core technologies and data assets accumulated for almost a decade, we plan to create a digital twin world that bridges enterprise solutions and consumer experiences. At the current stage, while maintaining existing enterprise in VR offerings such as online meeting and digital exhibition halls, 51Earth is strategically expanding towards scenarios with increased consumer involvement. Unlike our other business lines (51Aes and 51Sim) which exclusively serve enterprise customers, 51Earth represents our initiative to develop a hybrid business model. We have two applications that demonstrate this approach:
 - *See3:* Through this application, builders and developers can design customized virtual tours and cultural experiences of different global locations. In the future, we plan to create an AI scenic area cloud platform system under See3, establishing strategic cooperation with 4A and 5A-level Chinese scenic spots. Through developing digital ticketing services (including but not limited to scenic area-exclusive AI assistants,

BUSINESS

online 3D immersive guided tour services, and AI educational study tours), building technology-based cultural tourism experience spaces, and digital AI value-added services, we expect to leverage See3 to provide implementable digital transformation solutions to support the revitalization of scenic areas. See3 will allow us to generate additional revenue streams through providing digital ticketing services to tourists, offering technology tourism products to tourists in offline stores, and developing digital AI projects to scenic areas.

We believe See3 offers compelling value propositions for scenic areas, which will support their willingness to partner with us. Through See3, scenic areas can significantly enhance visitor experiences with immersive 3D tours and AI-guided experiences, creating greater engagement and satisfaction. These partnerships enable scenic areas to develop new revenue streams through premium digital services while expanding their reach to digital-first tourists who increasingly prefer technology-enhanced travel experiences. In the competitive tourism market, See3 provides scenic areas with clear differentiation advantages. See3 further extends visitor engagement beyond the physical visit, creating opportunities for sustained relationships and additional service offerings after tourists return home.

In addition, our strategic focus on the tourism sector is supported by favorable government policies, including various directives promulgated by the MIIT and the Office of the Ministry of Culture and Tourism, such as the “Notice on Strengthening 5G+ Smart Tourism Collaborative Innovation Development” and the “Smart Tourism Innovation Development Action Plan.” These policies actively support the creation of innovative experiential scenarios and encourage the application of virtual reality, augmented reality, and metaverse technologies to build immersive smart tourism experiences and cultivate new consumption scenarios. Furthermore, with rising living standards and evolving consumer preferences, travelers now demand increasingly sophisticated tourism experiences with greater emphasis on personalization and immersion. The digital cultural tourism market is exhibiting rapid growth trends, and enhancing scenic area attractiveness and visitor engagement through technological means has become a crucial development direction for tourist destinations. The number of A-level scenic spots in China reached 16.5 thousand in 2024, generating annual revenue of RMB481.4 billion. According to Frost & Sullivan, the application of digital twin technologies across these A-level scenic spots is projected to create a total addressable market of over RMB20.0 billion by 2029 with a CAGR of approximately 20% from 2024 to 2029. In addition, domestic travel spending in China has reached RMB5.8 trillion in 2024.

- *Short3A*: This application will allow builders and developers to create short 3D videos, offering consumers an interactive and immersive way to explore various environments and scenarios within the 51Earth platform.

By continuously enhancing these platforms and introducing new products and solutions, we intend to maintain our competitive edge and cater to evolving market needs, thereby driving sustainable growth moving forward.

BUSINESS

Optimize customer base

A diverse and optimized customer base is crucial for our growth. Our extensive customer base includes enterprise-level customers, university organizations, content developers, and consumers across multiple industries. Since our inception, we have provided products and solutions to more than 1,000 customers in more than 10 sectors. In particular, in the field of intelligent driving and transportation, we have served hundreds of customers, including OEMs, tier-one suppliers, intelligent driving AI companies and universities, and have established high customer recognition and brand awareness in this segment. As of the Latest Practicable Date, we had attracted thousands of developers and consumers to 51Earth.com. In terms of internationalization our solutions have begun to reach customers beyond our domestic market and we have established initial deployments in several countries and regions, serving a growing number of overseas customers. During the Track Record Period, our revenue generated outside of mainland China increased from RMB5.7 million and RMB6.0 million in 2022 and 2023, respectively, to RMB18.2 million in 2024, and amounted to RMB2.3 million and nil for the six months ended June 30, 2024 and 2025. Our industry reputation and high customer recognition are testaments to our product quality and reliability.

The table below set forth a breakdown of the number of our customers that contributed revenue for each period by business lines and core products during the Track Record Period:

	For the years ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
51Aes	157	183	131	55
51CIM	81	78	59	26
51WIM	19	27	18	8
51XIM	18	23	14	11
WDP	39	55	40	10
51Sim	33	40	58	17
SimOne	26	22	31	13
DataOne	—	3	6	—
51TIM	7	15	21	4
51Earth	29	26	9	1

We leverage word-of-mouth marketing, industry reputation, and active participation in conferences and exhibitions to attract new customers. Our established customer base acts as an endorsement, drawing new clients and enhancing our market presence. The decrease in customer numbers for 51Aes from 183 in 2023 to 131 in 2024 occurred while our revenue generated from 51Aes increased by 15.4%, from RMB204.6 million in 2023 to RMB236.2 million in 2024. This contradiction is primarily due to an increase in larger projects and customers with multiple projects. For instance, in 2024 we had six customers who each commissioned over three projects, including one customer who initiated 14 projects and another who commissioned eight projects during the year. The decrease in customer numbers for 51Earth in 2024 was primarily due to the decline in demand for certain products, such as online meeting and digital exhibition halls during the year and we started to redirect the focus of 51Earth towards developing consumer-centric applications such as See3.

Retaining existing customers is as important as acquiring new ones. During the Track Record Period, our customer retention rate for 51Aes was 24.2%, 30.1%, 44.3% and 31.8% in 2022, 2023 and 2024 and for the six months ended June 30, 2025, respectively, while customer retention rate for 51Sim was 27.3%, 30.0%, 22.4% and 29.4% for the same periods, respectively. In addition, our net dollar retention rate (which refers to the ratio of revenue contribution of a customer group in the

BUSINESS

immediately preceding year to the revenue contribution of the same group of customers for the current year) for 51Aes was 97.2%, 95.7%, 80.6% and 34.2%, respectively, and for 51Sim was 105.6%, 58.3%, 121.3% and 11.9%, respectively, for the same periods. The relatively low contribution levels in the six months ended June 30, 2025 reflects the seasonal nature of our business, where we typically recorded lower revenue in the first half of the years.

Operating metrics such as customer retention rate and net dollar retention rate are relatively less relevant indicators for our business as most of our products and solutions are offered to customers on a transaction-based business model instead of a subscription-based model. Our enterprise-grade products and solutions typically involve significant capital investment from customers and require extensive implementation and integration periods. Given the substantial scale, value, and long deployment cycles associated with each customer engagement, it is both expected and typical within the digital twin industry that customers may not contract for additional products or solutions in the immediate years following an initial implementation. Specifically, among the customers with multiple project commissions in 2024 for 51Aes, only one was an end-user customer while the others were system integrators. On the other hand, for 51Sim, during the Track Record Period we mainly contracted directly with end-user customers such as automakers and rarely with system integrators. As a result, customer retention rates and net dollar retention rates for 51Sim and 51Aes fluctuated significantly and showed contrasting trends during the Track Record Period. 51Aes showed an improving trend in customer retention rate, primarily attributable to increased revenue contribution from system integrators that commissioned multiple projects with us. Meanwhile, 51Sim displayed more variability in both customer retention rate and net dollar retention rate, which can be attributable to the fact that 51Sim primarily contracted with end-user customers during the Track Record Period. The fact that we dealt more with system integrators for 51Aes and more with end users for 51Sim is generally driven by different market conditions instead of deliberate strategies of us. 51Aes has strong application potential across various industries. In pursuing digitalization of traditional operations, end-users across different industries have diverse demands and requirements, some extending beyond digital twin technologies. Professional system integrators efficiently coordinate resources and suppliers, including us, to address these varying project requirements and deliver comprehensive digital solutions to end-users. While system integrators excel at project coordination, they often lack specialized expertise in areas such as digital twin technology. We have established partnerships with system integrators, creating mutually beneficial relationships where both parties complement each other’s strengths and collectively expand business boundaries. In contrast, 51Sim operates in the relatively new, rapidly evolving, and more specialized field of intelligent driving and synthetic data, where end user requirements can change quickly. As a result, end users in these fields tend to directly engage with digital twin providers possessing specific expertise who can better understand and respond more efficiently to their unique needs, thereby developing more precise solutions tailored to their requirements.

We focus on delivering value and continuous support to our clients, ensuring high satisfaction and loyalty. Our diverse product portfolio allows us to meet various customer needs, fostering long-term relationships. As our cooperation with system integrators increase, we expect customer retention to become increasingly important to our business performance.

By strategically enriching our products and solutions and optimizing our customer base, we intend to secure a stable and growing revenue stream. During the Track Record Period, our average revenue per customer continued to increase, from RMB0.9 million in 2022 to RMB1.1 million and RMB1.8 million in 2023 and 2024, respectively, and increased from RMB0.5 million for the six months ended June 30, 2024 to RMB1.0 million for the same period in 2025, demonstrating our

BUSINESS

successful focus on high-value customers. Besides, we are dedicated to attract and accommodate individual users through launching and upgrading 51Earth.com, being prepared for future commercialization in C-end market. Furthermore, our plans to further diversify our customer base aligns with our plan to enrich our products and solutions, including developing 51GIM for the geological energy industry, further broadening the application scenarios of our simulation products, including the agriculture machinery sector, the port equipment sector and the humanoid robot sector. For details of diversifying the application scenario for our projects and solutions, see “—Enriching our business models, products and solutions” above.

Enhancing our operational efficiency

Operational efficiency is vital for profitability. Effective cost management and optimization of resources enable us to improve profitability.

- **Cost Management:** Our cost of sales includes software and hardware purchases, overheads, and employee compensation. By automating key processes in our business operations, we can reduce reliance on manual labor. We have implemented and plan to continue implementing the following key initiatives to manage costs:

Reducing Employee Costs:

- o *Automating 3D Scene Generation:* Our core technological advantage lies in automating the creation of 3D scenes, which significantly reduces our dependence on traditional manual 3D modeling—a process that is both time-consuming and costly. Currently, our L1 and L2 level scenes (terrain, roads, buildings, vegetation, water bodies, etc.) are generated through automation, while L3 precision and above models require manual optimization. With enhanced automation capabilities, AES6, our latest version of AES, can generate a city model such as Shanghai in just one day, compared to three days required by AES5 and five days by AES4. We expect to achieve fully automated L3 level scene generation by 2027, thereby continuously reducing labor and outsourcing costs.
- o *AI-Enabled Efficiency:* Our AI technologies enable the seamless transformation of natural language inputs into structured programming data, further enhancing the efficiency of creating 3D scenes and minimizing the need for manual intervention.
- o *Improved Project Delivery Efficiency:* During the Track Record Period, we substantially reduced the time from project initiation to initial delivery for smart city projects, from over 200 days in 2022 to over 60 days in 2023 to less than 20 days in 2024 and the six months ended June 30, 2025.
- o *Specialized Team Organization:* We organized our engineering project managers into specialized groups based on their expertise in different vertical domains to improve communication efficiency and reduce time spent on meetings.
- o *Automated Project Management Tools:* We implemented automated project management tools, which significantly reduced administrative complexity and project coordination time while enabling better multi-project resource allocation.

BUSINESS

Reducing Software Costs:

- *Reusable Development Tools:* We have been improving project implementation efficiency through creating plug-ins for reusable functionality and developing GUI low-code platforms, reducing repetitive development efforts.
- *Technology Platform Consolidation:* We upgraded our UE engine to eliminate cumbersome digital twin engine operations and streamline development workflows.
- *DTA Asset Library Enhancement:* We continuously enhance our DTA asset library by systematically categorizing and archiving project assets to enable greater resource reusability across projects.

During the Track Record Period, we achieved gross profit margin of 65.0%, 54.2%, 51.1%, 50.0% and 41.1% in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. Going forward, we aim to leverage our IPs and accumulated technologies to control development costs.

- **Enhance Cross-functional Capabilities and Efficiency:** We aim to improve operational efficiency through talent development, strategic outsourcing of non-core activities, and overhead reduction initiatives.

Talent Development and Workforce Optimization:

- *Internal Training Programs:* We have been implementing internal training and development programs that enhance team expertise and multi-project delivery capabilities.
- *Cross-functional Skill Development:* By nurturing cross-functional skills in our workforce, we enable our internal teams to focus on high-impact activities while reducing reliance on specialized external resources.

Strategic Outsourcing of Non-core Activities:

- *High-precision 3D Modeling:* We strategically outsource 3D modeling services for high-precision models (particularly L3 scene-level, L4 structure-level and L5 component-level models) to specialized vendors. These precision levels require centimeter-level coordinate accuracy and detailed texture mapping, making them highly labor-intensive with relatively low profit margins. This allows our core team to focus on developing the digital twin engine and platform products. According to Frost & Sullivan, outsourcing high-precision modeling work is a standard practice in the digital twin and digitalization industries.
- *Frontend Development Services:* We outsource frontend development services primarily related to UI design and data visualization to create appealing dynamic data visualization interfaces.
- *Non-core Administrative Tasks:* We may also outsource non-core administrative tasks to further reduce costs.

Overhead Reduction Initiatives:

- *Energy Consumption Optimization:* We have implemented daily office energy consumption optimization measures, including real-time monitoring of high-energy equipment, implementing computer sleep settings, and phasing out old energy-intensive equipment.

BUSINESS

- *Software Cost Management:* We maintain cost discipline by aligning software license purchases with actual operational needs, periodically reviewing cloud service subscriptions to right-size capacity, and promptly terminating unused cloud resources.

Economies of Scale:

We expect our selling and general and administrative expenses as a proportion of our revenue will further decrease due to economies of scale as demands for our products and solutions grow.

- **Enhanced R&D Efficiency:** With our 51Aes and 51Sim products and solutions already successfully commercialized, our R&D focus will shift towards refining and upgrading these products and solutions, ensuring they remain competitive while optimizing resources. For 51Earth, which is on the path to full commercialization, we plan to leverage the existing technologies and expertise developed for our 51Aes and 51Sim products and solutions. This strategic approach will streamline development processes, reducing time-to-market and improving R&D efficiency. We will regularly review R&D projects to ensure they deliver maximum return on investment and align with our long-term goals. For details of our R&D expenditure during the Track Record Period, see “Financial Information—R&D Expenditure and Total Operating Expenditure.”

Our ability to improve operational efficiency is evidenced by us keeping selling and general and administrative expenses relatively controlled despite our growing revenue. During the Track Record Period, our revenue increased from RMB170.0 million in 2022 to RMB256.3 million and RMB287.4 million in 2023 and 2024, respectively, and increased from RMB33.2 million for the six months ended June 30, 2024 to RMB53.8 million for the same period in 2025, while our operating expenditure for selling and general and administrative expenses as a percentage of total revenue

BUSINESS

decreased to 66.1%, 39.7%, 51.4%, 154.6% and 149.3% for the same periods, respectively. The table below sets forth our annual and total selling and general and administrative expenditure for the years indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Selling expenses	58,217	51,352	58,195	25,182	34,255
General and administrative expense	54,058	50,332	89,597	26,172	46,084
Adjustments:					
Add: Additions of fixed assets	1,937	269	881	83	56
Less: Depreciation for fixed assets	2,728	2,402	1,214	829	317
Annual expenditure	111,484	99,551	147,459	50,608	80,078

The following table sets forth customer acquisition cost by business line for the periods indicated. Customer acquisition cost is calculated by dividing selling expenses of a period by the number of new customers acquired in the same period.

	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB per customer</i>				
51Aes	91,490	86,053	157,369	112,469	179,340
51Sim	55,953	23,111	78,821	70,619	209,809
51Earth	112,186	156,120	171,554	182,475	292,005

While customer acquisition costs generally increased from 2023 to 2024, selling expenses remained relatively stable at RMB58.2 million, RMB51.4 million, and RMB58.2 million, in 2022, 2023 and 2024, respectively, and generally decreased as a percentage of total revenue from 34.2% in 2022 to 20.0% and 20.3% in 2023 and 2024, respectively. Customer acquisition cost for 51Aes increased from 2023 to 2024 primarily due to the decrease in the number of new customers acquired during the period as we had an increase in larger projects and existing customers with multiple projects. For 51Sim, customer acquisition cost increased from 2023 to 2024 primarily because we underwent organizational restructuring in 2024, with some sales personnel transitioning to dedicated 51Sim sales roles, resulting in higher selling expenses for 51Sim while the decrease in number of new customers led to increased customer acquisition costs. For 51Earth, customer acquisition cost continued to increase due to customer development efforts in cultural tourism and exploration of consumer facing business models for See3 which requires higher initial customer development investments.

Our customer acquisition costs increased from RMB0.1 million for the six months ended June 30, 2024 to RMB0.2 million for the same period in 2025, while selling expenses increased from RMB25.2 million to RMB34.3 million, respectively, and decreased as a percentage of total revenue from 75.8% to 63.7%, respectively. Customer acquisition costs for 51Aes and 51Sim increased from the first half in 2024 to the first half of 2025 primarily because most businesses in the first half of 2025 were conducted with existing customers with a decrease in new customers while we also increased efforts in expansion into new customer segments and market sectors (such as coal mining, agriculture machinery and port equipment etc), which require higher initial customer development investments. For 51Earth, customer acquisition costs increased from the first half of 2024 to the first half of 2025, primarily due to development of customers for See3 which is still in its early stage of development.

BUSINESS

Through these measures, we aim to improve our operational efficiency financial performance.

Based on the foregoing, our Directors believe that our business is sustainable.

EMPLOYEES

As of June 30, 2025, we had 343 employees, including a total of 85 employees with master’s or doctorate degrees, accounting for approximately 24.8% of our employees. As of the same date, 339 of our employees were located in China with the remaining 4 employees located in other countries. The following table sets forth a breakdown of our employees by function as of June 30, 2025.

<u>Function</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
		(%)
Administration Management	41	12.0
R&D	114	33.2
Sales	95	27.7
IT	85	24.8
Finance	8	2.3
Total	343	100.0

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that fosters career development. To recruit new talent, we employ various means such as campus events and colleague referrals, which enables us to build and cultivate our own pool of skilled professionals. Our initiatives for talent retention encompass executive coaching, employee surveys or engagement, training and development, compensation and rewards. As a result of these efforts, we believe we have been generally successful in attracting and retaining qualified personnel, and have established a stable core management team.

To formalize our employment relations, we enter into individual employment contracts with our employees. These contracts cover matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause and grounds for termination. We have also entered into confidentiality and invention assignment agreements and non-competition agreements with all of our employees, or included confidentiality, invention assignment, and non-competition clauses in the employment contracts of our employees. In particular, we ensure that any inventions created by our employees during our employment are assigned to us through confidentiality and invention assignment agreements. See “Directors, Supervisors and Senior Management—Key Terms of Employment Contracts” for key terms of our employment contracts with senior management members and other key personnel.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, both internally and externally, to enhance their technical, professional or management skills. We also conduct periodic trainings sessions to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and incentive schemes to our employees, particularly our key employees. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

BUSINESS

As required by PRC laws and regulations, we participate in social security schemes organized by municipal and provincial government, including pension, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees required by the relevant PRC laws and regulations. See “Risk Factors—Risks Relating to Government Regulations—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.” We have reviewed our practice and adopted or plan to adopt remedial measures, including: (i) we have established an internal control department to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures, and (ii) we will continuously review and monitor the reporting and contributions relating to the social insurance and housing provident funds and we will consult our PRC Legal Advisor for advice on relevant laws and regulations in China to keep us abreast of relevant regulatory developments.

We believe that we maintain a positive working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes with our employees.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations, and based on our assessment of our operational needs and industry practice. As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. In the future, to the extent that any of the foregoing types of insurances becomes mandatory due to changes in law or other reasons, we will acquire such insurance to ensure continued compliance with the law. Our Directors believe that our existing insurance coverage is sufficient for our present operations and aligns with the industry practice in the PRC.

During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims, nor did we encounter any material difficulties in renewing our insurance policies.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we did not own any real property.

Leased Properties

Our principal place of business is located in Beijing, China. As of the Latest Practicable Date, we leased 12 properties in Beijing, Hangzhou, Nanjing Hefei, Wuhan, Shenzhen Shanghai, Chengdu, and Fuzhou. As of the Latest Practicable Date, our leased properties had a total gross floor area of approximately 5,585 sq.m., based on actual measurements where available and estimated conversions

BUSINESS

from occupancy configurations where precise measurements were not specified. The relevant lease agreements generally have a term of one to five years.

Set forth below are the details of the Group’s leased properties:

No.	Lessor	Relationship with the Company	Location	Gross Floor Area (m ²)/Occupancy	Lease Term
1	Beijing Greenbay Innovation Technology Co., Ltd.	Independent Third Party	Building B, Modern MOMA Community, Dongcheng District, Beijing	223 workstations	2025.01.01 - 2025.12.31
2	Nanjing Nake Mobile Travel Technology Service Co., Ltd.	Independent Third Party	Room 302, Building 3, Block A, Nake Hongshan Science and Innovation Park, 128 Hongshanlu Road, Xuanwu District, Nanjing	47.5	2024.11.23 - 2026.12.22
3	Hangzhou Sinoyard Real Estate Co., Ltd.	Independent Third Party	Floors 42 and 43, Building 1, Sinoyard International, 1750 Jianghong Road, Binjiang District, Hangzhou	3 workstations	2024.12.01-2025.11.30
4	Hefei Chuangyao Electronic Technology Co., Ltd.	Independent Third Party	Part of the 13th floor of Building B, Phase III (South Zone), Lake Light Road, Shushan Economic Development Zone, Hefei, Anhui Province	12 workstations, 1 manager’s office, 1 meeting room, plus additional spaces	2025.01.01 - 2025.12.31
5	Wuhan Xie’er Technology Enterprise Incubator Co., Ltd.	Independent Third Party	Rooms 911-4-5, 9th Floor, Building 6, SOHO City, Central Business District, Panlong International, Jiangnan District, Wuhan	2 workstations	2025.02.18-2026.02.17

BUSINESS

No.	Lessor	Relationship with the Company	Location	Gross Floor Area (m ²)/Occupancy	Lease Term
6	Beijing Greenbay Innovation Technology Co., Ltd.	Independent Third Party	Building B, Modern MOMA Community, Dongcheng District, Beijing	17 workstations	2025.01.01 - 2025.12.31
7	Mirrorverse (Shanghai) Technology Co., Ltd.	Wholly-owned subsidiary of the Company	36th Floor, 701 Yunjin Road, Xuhui District, Shanghai	104 workstations	2025.01.01 - 2025.12.31
8	Shenzhen Shicheng Property Operation Co., Ltd.	Independent Third Party	Unit 1006, 10th Floor, Qianhai Xiangxian International Financial Center, 18 Free Trade West Street, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	Not specified in the lease agreement	2025.09.01 - 2026.02.28
9	Shanghai Longhua Aviation Development and Construction Co., Ltd.	Independent Third Party	36th Floor, 701 Yunjin Road, Xuhui District, Shanghai	2,490.75	2024.01.01 - 2026.12.31
10	Sichuan Gubang Decoration Engineering Design Co., Ltd.	Independent Third Party	Units 1701 and 1702, 17th Floor, Building 1, Phase II, Shudu Center, Chengdu	1,258.94	2022.03.15 - 2027.03.14
11	Ms. Ren Ruoling	Independent Third Party	Unit 1918, Building C2, Fuli Center, Shangpu Road, Taijiang District, Fuzhou	58	2024.01.01 - 2026.12.31
12	Chengdu Suojiansuode Media Group Co., Ltd.	a connected person at subsidiary level of the Company under the Listing Rules	Unit 4008, 40F, Building 2, No. 530 Middle Section of Tianfu Avenue, High-tech Zone, Chengdu	430.79	2025.01.01 - 2026.05.31

BUSINESS

Our leased properties are mainly used as research and development centers and office premises for our business operations, which are non-property activities as defined under Rule 5.01(2) of the Listing Rules. We believe our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

As of the Latest Practicable Date, there were defects in some of our leased properties in China. As of the Latest Practicable Date, 9 of our lease agreements had not been registered with relevant authorities, primarily due to the difficulty of obtaining cooperation from the lessors. We will coordinate with lessors to complete the registration for our lease agreements and require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures. As advised by our PRC Legal Advisor, the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making registration for each of these lease agreements. As such, the aggregate amount of maximum fine will be approximately RMB0.1 million, which our Directors believe will not have any material adverse impact on our business operations. As of the Latest Practicable Date, we have not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. See “Risk Factors—Risks relating to our general operations and industry—Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.”

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material difficulties in renewing lease agreements or locating new premises for our facilities. We do not foresee any major challenges or impediments in renewing the relevant leases upon their expiration.

Property to be acquired

In November, 2024, we entered into a pre-purchase contract (標的物業預購合同) with First Moma Commercial Operation Management (Beijing) Co., Ltd. (第一摩碼商業運營管理(北京)有限公司), an Independent Third Party, pursuant to which First Moma Commercial Operation Management (Beijing) Co., Ltd. agreed to sell and we agreed to purchase a building (the “**Property**”) located at No.1 Xiangheyuan Road Dongcheng District, Beijing, PRC for a total consideration of approximately RMB60.0 million. The Property has a total gross floor area of 1,845.15 sq.m. and is currently leased by us as our principal place of business and headquarters in Beijing. On November 22, 2024, we paid a deposit of RMB36.0 million to the seller. On June 30, 2025, we entered into a supplemental agreement to the pre-purchase contract, pursuant to which the remaining balance shall be paid and the Property shall be delivered on or before June 30, 2026.

Each of our property interests, including the Property to be acquired, had a carrying amount less than 15% of our consolidated total assets as of June 30, 2025. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Board of Directors is responsible for the oversight and management of key environmental, social and governance (ESG) risks, and the implementation of our ESG strategies is taken care by our specialized ESG working group under the Board of Directors office and relevant departments. We expect to hold ESG working group meetings every quarter for ESG publicity and issue our annual ESG comprehensive report starting from 2025. Our ESG working group monitors not only the effectiveness of our ESG strategy implementation, but also regulatory and industry ESG trends to ensure our ESG-related compliance.

Environmental Protection

Resource Consumption: Electricity

We are committed to operating our business with a priority on environmental protection, including climate-related aspects. Our electricity consumption initiatives include:

- Monitoring monthly electricity consumption statistics.
- Requiring employees to turn off all electrical appliances after work to save energy.
- Promoting energy-saving measures to reduce power consumption.

Resource Consumption: Water

To promote water conservation, we have adopted several initiatives:

- Encouraging employees to turn off taps tightly to prevent leaks.
- Posting water-saving reminders to raise awareness.
- Implementing water conservation measures throughout the company.

Pollution Management

We advocate for all employees to engage in green commuting practices.

The data below sets forth key environmental metrics of our business operations^{1 2}:

		For the Year ended December 31,			Six Months ended
		2022	2023	2024	June 30,
Unit					2025
Emissions					
GHG emissions ^{3 4}					
Total (Scopes 2, 3)	tCO ₂ e	760.11	1,009.82	1,135.25	732.30
(i) Indirect emissions					
(Scope 2)	tCO ₂ e	477.39	457.97	456.88	220.28
(ii) Other indirect emissions					
(Scope 3) ⁵	tCO ₂ e	282.72	551.84	678.37	512.02
Scope 2 intensity	tCO ₂ e/ million RMB revenue	2.91	1.84	1.70	4.09
Total (Scopes 2, 3) intensity	tCO ₂ e/ million RMB revenue	4.64	4.05	4.22	13.61

BUSINESS

		For the Year ended December 31,			Six Months ended
Unit		2022	2023	2024	June 30,
					2025
Use of Resources⁶					
Electricity consumption	kWh	782,480	750,653	748,854	361,058
Electricity consumption intensity	MWh/ million RMB revenue	4.77	3.01	2.79	6.71
Water consumption	m ³	48,311	51,643	54,214	29,804
Water consumption intensity	m ³ / million RMB revenue	294.76	207.28	201.74	553.77
Paper consumption	sheets	106,500	142,500	289,000	80,000
Paper consumption	kg	464.97	622.14	1,261.75	349.27
Paper consumption intensity	kg/ million RMB revenue	2.84	2.50	4.70	6.49

¹ The data covered the Group’s major business operations.

² Totals may not be the exact sum of numbers stated here due to rounding.

³ The Group’s major business operations did not result in any Scope 1 (Direct) emissions.

⁴ The calculation of GHG emissions made reference to the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Scope 2 (Indirect) emissions cover GHG emissions of indirect energy resulted from purchased electricity consumed by our operations, while Scope 3 (Other indirect) emissions that occur in the Group’s value chain.

⁵ The Scope 3 emissions included available data arising from category 6: business travel, and category 7: employee commuting.

⁶ The consumption figures presented above represent our best effort estimations based on available data. For example, several of our offices, specific utility costs (electricity and water) are not separately invoiced but rather included in rental or property management expenses.

For illustrative purposes only, the table below presents a comparison of our Group’s ESG metrics for the year ended December 31, 2024, against those of peer companies for their respective year ended December 31, 2024, based on publicly available information⁷:

	Unit	The Group	Company I ⁹	Company II ¹⁰	Company III ¹¹
Electricity consumption	kWh	748,854	244,595	998,046	155,976,200
Electricity consumption intensity	MWh/ million RMB revenue	2.79	Not Disclosed	0.19	41.35
	MWh/person	2.26	1.31	Not Disclosed	Not Disclosed
Water consumption	m ³	54,214	14,499	3,965	290,490
Water consumption intensity	m ³ / million RMB revenue	201.74	Not Disclosed	0.75	77.01
	m ³ /person	163.79	78	Not Disclosed	Not Disclosed
Paper consumption	kg	1,261.75	2,021	Not Disclosed	Not Disclosed
Paper consumption intensity	kg/ million RMB revenue	4.70	Not Disclosed	Not Disclosed	Not Disclosed
	kg/person	3.81	11	Not Disclosed	Not Disclosed

As shown in the table above, the result of ESG performance indicators relating to consumption of electricity, water, and paper varied among the Group and each comparable company. This was mainly attributable to the differences in the combination of business segments and variance in the scale

BUSINESS

of business operation between the Group and the comparable companies. As a result, it is impracticable to infer the reasons for and circumstances leading to the differences between the Group and the comparable companies.

⁷ The ESG metrics of peer companies were extracted from public information.

⁹ Company I refers to Company D in section headed “Industry Overview”, a listed company focusing on AI simulation and validation, which primarily provides digital twin solutions especially AI training and validation.

¹⁰ Company II is a listed company focusing on AI software development, which primarily provides AI platform that support model training.

¹¹ Company III is a listed company focusing on AI software, which primarily provides Generative AI and related applications.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to environment regulations. Given that we operate our business primarily in the office and digitally, a majority of our operations are conducted online, and we leave limited impact on the environment with a small carbon footprint. During the Track Record Period and up to the Latest Practicable Date, we had not incurred material capital expenditures or compliance costs related to environmental protection. In 2022, 2023 and 2024 and the six months ended June 30, 2025, our annual capital expenditures and compliance costs were immaterial to our overall operations. We also do not anticipate to incur material capital expenditures or compliance costs related to environment protection in the foreseeable future given the nature of our business.

Green Office Initiatives

We adhere to the principles of green sustainable development and low-carbon requirements, integrating these principles into daily operations through:

- Following green sustainable development concepts in all aspects of daily operations.
- Encouraging and facilitating green office practices among all employees.

Social Responsibility

Employee Health and Safety

We have established and maintained a series of rules, standard operating procedures, and measures to ensure a safe and healthy working environment for our employees. Key initiatives include:

- Implementing safety and health measures for new employees.
- Regular training and awareness programs on health and safety.

Employee Management

We are committed to fostering an inclusive and supportive workplace where all employees are respected and valued, regardless of gender, age, family status, disability, race, religion, nationality or cultural background. We uphold the principles of equal opportunity, diversity, and inclusiveness in all aspects of employment, including recruitment and retention.

We particularly recognize the importance of diversity, including but not limited to gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company. Going forward, we will continue to strengthen gender diversity in our workforce by fostering an inclusive workplace culture and supporting equitable career development opportunities.

BUSINESS

We have adopted various policies and measures to support gender diversity. For example, we offer maternity and paternity leaves to our employees and substantially all of our job postings are gender-blind.

The table below sets forth certain information regarding the background of our employees as of June 30, 2025.

<u>Indicator</u>	<u>Number of Employees</u>	<u>Percentage of Total</u> (%)
Total number of employees	343	100.0
Gender distribution		
Male	245	71.4
Female	98	28.6
Age distribution		
Above 40	54	15.7
30 to 40	195	56.9
Under 30	94	27.4
Education		
Doctorate	3	0.9
Master’s degree	82	23.9
Bachelor’s degree	219	63.8
Below bachelor’s degree	39	11.4

Employee Care

Our company strictly adheres to relevant laws and regulations, opposing employment discrimination and upholding the principles of equal employment. We ensure that employees are not discriminated against based on race, religion, physical disability, or other personal characteristics.

We attach great importance to the health and safety of employees, and in order to create a comfortable working environment for employees, we encourage employees to participate in more physical exercise, has established a number of clubs such as soccer, basketball, badminton, etc., and regularly organizes sports activities.

Employee Feedback

We have established diverse channels for collecting opinions and suggestions from employees, ensuring their voices are heard. Employees are encouraged to communicate directly with their supervisors and participate in regular feedback sessions.

Vision and Corporate Culture

Our company maintains an inclusive and open mindset to understand cultural differences between countries and regions, aligning with our vision and mission. We strive to foster a corporate culture that embraces these values.

Public Welfare

Our company actively participates in various public welfare activities. For example, we designed a VR experience zone to support the “Earth Hour” campaign, attracting participation from children and adults alike.

BUSINESS

Green Technology

Digital twin technology is having a broad and profound impact on society and the economy. Our company collaborates with industry partners, associations, and research institutions to promote digitalization and intelligentization of various industries, improve the efficiency of energy and resource use, explore the application of green technology and low-carbon innovative technology, and contribute to the sustainable development of society.

Product Responsibility

Quality management is a key focus of our company. We continuously strive to improve the quality of our products and solutions to meet current customer demands and anticipate future needs.

Supply Chain Management

To effectively address environmental risks along the supply chain, we have implemented quality requirements and standards when selecting suppliers. We prioritize hardware and software suppliers who have obtained recognized environmental certifications that demonstrate their commitment to sustainable practices and require hardware and software suppliers to comply with relevant environmental standards and regulations. Moreover, we emphasize transparency and information sharing to effectively manage environmental risks across the supply chain. Open communication is encouraged among suppliers regarding their environmental practices and regulatory updates. This collaborative approach fosters a collective effort towards sustainability. By promoting transparency, we ensure suppliers are well-informed and empowered to make environmentally responsible decisions. By prioritizing suppliers that align with our environmental values and promoting transparency, we actively manage and mitigate environmental risks.

Governance Initiatives

We have a stringent governance structure with clear allocation of powers and responsibilities. Our robust oversight mechanisms ensure that the company operates in compliance with laws, regulations, and corporate bylaws.

ESG-related Risks and Opportunities

We operate our business primarily in the office and online. In light of such business nature, environmental-related and social-related risks and climate-related issues are not likely to have material negative impacts on our business, strategy and financial performance going forward. Nevertheless, our ESG working group has been assessing ESG-related risks and opportunities over the short, medium and long terms. The table below outlines our assessment regarding ESG-related risks that we consider could be material to us and our stakeholders.

	Risks and Impact	Our Responses
Short-term	<i>Climate risks:</i> Extreme weather such as flooding, typhoons and heat waves caused by climate change worldwide may seriously affect the stability and sustainability of electricity supply, which may result in power shortage and disruption of the business operations of us, our customers and our suppliers.	We invest in distributed computing and edge computing technologies to reduce dependence on centralized data centers and equip critical infrastructure with uninterruptible power supplies (UPS). We have implemented detailed business continuity plans with clear emergency protocols to provide timely updates and alternative solutions during service disruptions.

BUSINESS

	Risks and Impact	Our Responses
	<i>Reputational risks:</i> As the PRC government and global investors pay more attention to ESG issues, particularly environmental issues, inaction or reactive response to policy changes or market sentiments may negatively affect our reputation, market position or loss of financing opportunities.	To proactively address such risks, our ESG working group incorporates climate-related risks into its risk assessment and studies the possible impact on reputation. In addition, we are committed to transparent information disclosure and strive to effectively communicate our efforts and objectives related to ESG to our stakeholders.
Medium-term . .	<i>Policy risk:</i> Implementation of regulatory policies relating to employment, health and safety, and carbon emission and power restrictions may increase our operational and compliance costs. For instance, power restrictions may negatively affect the operations of IT infrastructure, data centers and cloud storage facilities etc., which will in turn materially affect our business operations and financial position. <i>Technology risk:</i> With the rapid development of low-carbon technologies and other emerging technologies, failure to identify and apply emerging technologies promptly may present greater climate-related risks to our operations.	Our ESG working group pays close attention to changes in policies and regulations to ensure that our business operations comply with the relevant regulatory requirements. We plan to keep abreast of latest technology development, in particular low-carbon technologies and other ESG related technologies, and consider to adopt ESG related technologies.
Long-term	<i>Climate risk:</i> Climate change may bring about weather-related hazards such as flooding, storms, sandstorm, prolonged droughts etc. more frequently, which may negatively affect the business operations of us and our business partners if such hazards happen in our vicinity, which may lead to operational instability and higher costs in the long term.	We emphasize sustainability standards when selecting our business partners such as data center service providers. We will actively explore and prioritize business cooperations with data center suppliers which utilize clean and renewable energy sources such as wind power, hydro power and solar power and use natural resources and waste heat recovery for server cooling.

Despite the above-mentioned risks, our business model and technology offerings also position us to capitalize on opportunities arising from the global transition toward sustainability and digital transformation. For instance, autonomous driving companies and automotive manufacturers can leverage 51Sim to extensively test and train their autonomous driving algorithms in virtual environments, substantially reducing the need for physical road tests. This not only accelerates development cycles but also meaningfully reduces carbon emissions, fuel consumption, and environmental impact associated with traditional vehicle testing methods. More broadly, the increasing focus on sustainability across industries drives demand for digitalization and intelligentization solutions. Our digital twin technologies enable enterprises to optimize their operations, improve resource utilization efficiency, and reduce waste through virtual simulation and testing. By collaborating with industry partners, associations, and research institutions, we are well-positioned to develop and deploy solutions that support the sustainable transformation of various industries.

BUSINESS

DATA PRIVACY AND SECURITY

We are committed to complying with data privacy laws and protecting the security of customer data. We have appointed a Head of Cyber Security, a Head of Data Security and a Head of Personal Information Protection, who are responsible for the company’s cyber security and data protection. The types of data handled by our Group mainly include the self-created data, the data purchased from suppliers, and the data generated by customers using our products. Self-created data primarily include 3D models generated and accumulated by us through the years of our operations such as general 3D models of trees, buildings and other daily objects. Data from suppliers and customers include physical data, energy data, environmental data (water/air/noise), and traffic data and traffic flow, etc. For details of allocation of intellectual property rights derived from third-party data, see “—Intellectual Property.” Suppliers of data primarily include companies providing aerial photography services, surveying and mapping data and similar services or products. During the course of our business during the Track Record Period and up to the Latest Practicable Date, we do not engage in surveying or mapping activities and are not involved in the processing of surveying and mapping data in the context of the Surveying and Mapping Law of the PRC. We acquire and apply in the development of our solutions such data from suppliers with surveying and mapping qualifications and these suppliers only provide data to us after it has been shifted or de-identified and is no longer considered surveying and mapping data. With respect to customer data, all access to geographic information such as high-precision maps and satellite imagery occurs exclusively within client environments and we neither download, export nor store such data. Regarding the data visualization functionalities of our products and solutions, we only read real-time data online through customer data center interfaces and do not download, export or store such data. According to our PRC Legal Advisor, none of the type of data handled by the Group are classified as important data and the personal information that we collect and handle mainly consists of personal information related to users’ registration and use of our products, including name, mobile phone number, etc. The personal information collected and processed by the Group includes user’s registration and login information through providing services. Such personal information is necessary for the realization of products or services. Before collecting users’ personal information, we have fully explained the handling of personal information to users through our Privacy Policy and are able to provide adequate security safeguard to the personal information we collect and handle. In some cases, the Group may also process personal information after obtaining the consent of the registered users, for example, the Group explains the processing of personal information to the registered users through the 51WORLD User Experience Improvement Program Privacy Statement and obtains the registered users’ individual consent to satisfy the requirements for the processing of personal information. The Group also collects and processes basic contact information of customers, suppliers and other contacts. The aforementioned information is necessary for business management and communication which satisfies the requirements for processing personal information.

With respect to important data classification under PRC laws and regulations, Article 21 of the Data Security Law of the PRC (Data Security Law) establishes requirements for the identification and management of important data. The Data Security Law mandates that the state shall establish a categorized and classified system based on the importance of the data in economic and social development, as well as potential harm to national security, public interests, or the lawful rights and interests of individuals or organizations should the data be altered, destroyed, leaked, or illegally obtained or used. The national data security coordination mechanism shall coordinate the relevant departments to formulate a catalog of important data and strengthen protection of important data. All regional authorities and departments shall, in accordance with the categorized and classified data protection system, prepare specific catalogs of important data for their respective regions, departments,

BUSINESS

and relevant industries and sectors, and give priority to the data listed in the catalogs in terms of data protection. As of the Latest Practicable Date according to our PRC Legal Advisor, the regions, departments, and relevant industries relevant to our business have not issued any specific catalogs of important data. Following our internal assessment, we have confirmed, and our PRC Legal Advisor concurs, that our operations do not currently involve processing any important data as defined under Article 21 of the Data Security Law. We remain committed to monitoring developments regarding important data applicable to our business and will promptly identify any important data and fulfill all compliance obligations as required by applicable laws and regulations.

Combined with the specific provisions of relevant laws and regulations, we have established an information security management system, including security management organization, security management system, personnel security management, system construction management, monitoring and early warning, virus management, software development, information system incident and emergency management, backup management and other system documents, to form a systematic and effective network security, data security, personal information protection system. In particular, it includes the following data security and personal information protection system.

- 51WORLD Data Security Management System, which contains detailed requirements for personal information protection, is the basic data security and personal information protection system applicable to the entire company.
- 51WORLD Personal Information Security Incident Emergency Response Specification and Schedule, which is a guiding document for the company to deal with personal information security incidents, and at the same time, guides the company to carry out the emergency plan for personal information security incidents.
- 51WORLD Third-Party Data Compliance Management Standard, which is designed to continuously manage the data protection compliance capability of the Company’s business activities in cooperation with partners, and to ensure that the data processing activities conducted in the course of cooperation with partners are lawful and compliant; and
- 51WORLD Data Classification and Grading Guidelines, which is a basic document that guides the Company in conducting data resource inventory and data classification and grading, and assists the Company in fulfilling its data security obligations.

We have obtained relevant certifications, including ISO9001 Quality Management System Certification and ISO27001 Information Security Management System Certification. The information security management system that we have established meets the standard requirements of relevant international and domestic standards for the information security management system that an enterprise should establish, and has the basic system, organization, personnel, and technical facilities necessary for internal control management and information security assurance, and meets compliance requirements. Our information security management system, organization and the cybersecurity and data technology security capabilities could effectively reduce the risks of data leakage or other data security incidents.

Based on the foregoing, in the opinion of our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, our Group has complied in all material aspects with all applicable PRC laws and regulations relating to data protection and privacy, and our Group has applied data in our products in compliance with the applicable laws and regulations in all material aspects.

BUSINESS

We currently collect personal information primarily for product usage and development purposes, which requires the collection of, among others, registration and login information, and contact information such as customers and suppliers. For registration information, we inform users of the types of information collected through our privacy policy and process the relevant personal information only after establishing a legal basis for handling it. For contact information, the information we require is closely related to business purposes and the collection of the information is justified and necessary.

Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had not experience any material data leakage or data loss, nor did we receive any third-party claim against us on the ground of infringement of such party’s right to data protection as provided by any applicable PRC laws and regulations. Our business also does not involve cross-border data transfer, including personal information data transfer.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

On June 21, 2024, one of our service providers filed an arbitration against our Company, alleging breach of contract. During the Track Record Period, the service provider provided us with cloud hosting services. The claimant is seeking approximately RMB23 million in monetary damages from our Company. Additionally, the claimant submitted an application for property preservation corresponding to the claimed amount in our bank accounts, which has been approved. We intend to defend ourselves vigorously on the basis that we believe the claimant’s allegations are without merit. The fundamental dispute arose from the claimant’s failure to meet service quality standards despite that we have paid partial service fees in accordance with the relevant agreement with the claimant.

On October 23, 2024, we filed counterclaims against the claimant for breach of contract, seeking recovery of paid service fees and other monetary damages. Despite having paid approximately RMB4 million for services that consistently failed to meet contractual specifications, with recurring equipment malfunctions and inadequate platform performance, the claimant has not only failed to remedy these issues but has also taken aggressive legal measures including freezing our bank accounts through property preservation applications. As permitted under Article 577 of the Civil Code of the PRC, we are pursuing appropriate remedies through arbitration to counterclaim a sum of approximately RMB4.2 million, comprising the aforementioned paid service fees and monetary compensation for damages resulting from the claimant’s material breaches. The first arbitration hearing was held on December 21, 2024.

On August 22, 2025, the claimant and us entered into a settlement agreement. Under the terms of the settlement agreement, the Company agreed to pay RMB7 million to the claimant in the form of interest-free bank acceptance bills, with the withdrawal time set to six months from the date of issuance of the bank acceptance bills. The settlement agreement also stipulates that both parties have no further disputes in connection with the relevant agreement. As of the Latest Practicable Date, the

BUSINESS

Company has issued the bank acceptance bills to the claimant. The original claims and the counterclaims as well as all relevant property preservation measures have been withdrawn and lifted. The Directors believe that the settlement resolves all outstanding disputes between the parties and eliminates the uncertainties and potential adverse effects that could have resulted from prolonged litigation.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, except as disclosed under “Risk Factors—Risks relating to our general operations and industry—Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines” and “Risk Factors—Risks Related to Our Operations—Failure to make full contributions to social insurance and housing provident funds for our employees in accordance with the relevant PRC laws and regulations may subject us to penalties”, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that would have a material adverse effect on our business, results of operations, financial condition or reputation.

Social Insurance and Housing Provident Funds

Pursuant to the PRC laws and regulations, we are required to participate in the social insurance and housing provident fund contributions administered by competent government authorities. During the Track Record Period and up to the Latest Practicable Date, (i) we were not in strict compliance with the contribution requirements in relation to our employees because we did not make social insurance and housing provident fund contributions in full amount based on the actual salary for some of our employees, (ii) we did not complete the relevant employee benefit plan registrations for some of our subsidiaries in China either because the relevant subsidiaries did not have any employee or made the social insurance and housing fund contributions through third-party agencies, and (iii) we engaged third-party agencies to make such contributions on our behalf for certain employees, which, although not uncommon in China, was not in strict compliance with applicable PRC laws and regulations according to our PRC Legal Advisor, primarily because these employees were located in cities where we did not have any registered operating entities. Specifically, we engaged two human resource agencies for such third-party arrangements for 13 employees as of June 30, 2025. We hired employees in relevant location and adopted such arrangement for business development needs in these cities. The aggregate shortfall of social insurance payments and housing provident fund contributions in 2022, 2023 and 2024 and for the six months ended June 30, 2025 amounted to approximately RMB9.9 million, RMB14.7 million, RMB16.8 million and RMB8.2 million, respectively. The increase during the Track Record Period was primarily due to the increase in the number of incumbent employees with social insurance and housing provident fund shortfalls. We have made full provision in connection with social insurance shortfalls. The accumulated provisions we made on our financial statements in respect of contributions to the social insurance were RMB17.1 million, RMB30.5 million, RMB39.9 million and RMB43.7 million, respectively, in 2022, 2023 and 2024 and for the six months ended June 30, 2025.

According to the Social Insurance Law of the PRC, if an employer fails to register for social insurance, the social insurance administrative department shall order it to make corrections within a specified period. If the employer fails to make corrections within the specified period, it shall be fined between one and three times the amount of the social insurance premium payable. Additionally, the

BUSINESS

directly responsible managers and other directly responsible personnel shall be fined between RMB500 and RMB3,000. If an employer fails to pay social insurance premiums in full and on time, the social insurance collection agency shall order it to pay or make up the amount within a specified period and impose a late fee of 0.05% of the overdue amount per day starting from the date of default. If the payment is still not made within the specified period, the relevant administrative department shall impose a fine of one to three times the overdue amount. According to the Regulations on the Administration of Housing Provident Funds (2019 Revision), if an employer fails to register for housing provident fund contributions or fails to establish housing provident fund accounts for its employees, the housing provident fund management center shall order it to complete the procedures within a specified period. If the employer fails to comply within the specified period, it shall be fined between RMB10,000 and RMB50,000. If an employer delays or underpays housing provident fund contributions, the housing provident fund management center shall order it to make the payment within a specified period. If the payment is still not made within the specified period, the management center may apply to the People’s Court for compulsory enforcement. Furthermore, as advised by our PRC Legal Advisor, if the validity of our arrangement with third-party agencies is challenged by competent PRC authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice.

As of the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities. Administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises’ historical social insurance arrears. In addition, Mr. Li has agreed to indemnify the Company for any losses the Company may suffer as a result of the shortfall in the contribution. As advised by our PRC Legal Advisor, the likelihood of us receiving any notice of penalties from the competent authorities is relatively low, provided that we pay the outstanding contribution, and late fee (if any), for social insurance and house provident funds in full amount within the prescribed period after receiving notices to rectify such non-compliance from the competent authorities. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting aggregated collection of enterprises’ historical social insurance arrears. As advised by our PRC Legal Advisor, if we receive notices from the competent authorities requiring us to rectify such non-compliance, and we pay such outstanding amounts and late fees (if any) within the required period, the likelihood of us being required to pay penalties is remote.

In addition, we have obtained the social insurance and housing provident fund payment records of the relevant subsidiaries which do not indicate any instances of outstanding contributions by the Company and based on the legal due diligence of our PRC Legal Advisor, we have not been subject to any administrative penalties in connection with our social insurance and housing provident fund contributions.

Having considered the nature and reasons for such non-compliances and the foregoing, our Directors believe that the incident above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities

BUSINESS

requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any employee complaint concerning their payment of social insurance and housing provident funds; (ii) we were not subject to any administrative penalties with respect to the payment of social insurance and housing provident funds (iii) our undertakings to make timely payments when required to avoid any relevant fines; (iv) the opinion of our PRC Legal Advisor; and (v) the relevant government policies outlined above.

Ratification

We will take the following internal control measures to ensure compliance with the social insurance and housing provident fund contribution requirements under the relevant laws and regulations to the extent practicable:

- To strengthen the training of our personnel, including training on various compliance-related topics for our employees;
- To designate specific personnel to monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and oversee the implementation of any necessary measures;
- To regularly keep abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds; and
- To consult external legal counsel for advice on relevant PRC laws and regulations.

We undertake to fully comply with the relevant laws and regulations as soon as practicable, subject to the cooperation of each of our employees to make full contributions of social insurance and housing provident funds going forward. If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we will make full contributions and rectification measures as soon as possible within the specified period. In addition, we will proactively communicate with relevant local authorities to keep up to date with the applicable laws and regulations concerning social insurance and housing provident funds. We will also communicate such updates with our employees to allow them to better understand the relevant laws and regulations, increasing their understanding of the regulatory requirements so as to enhance our compliance with the applicable laws and regulations.

With respect to the third-party arrangements, we will continue to select third-party human resources agencies which have obtained human resources service permits granted by appropriate governmental authorities and request copies of such permits from these agencies for inspection before any transaction to ensure that they have adequate and proper qualifications. We have also communicated with all employees involved in the third-party arrangements to seek their approval to terminate the arrangements. We have received written confirmations from the relevant employees confirming that they agreed to the arrangement of having third-party human resource agencies to pay for their social insurance and housing provident funds on behalf of our Company, and that there has been no dispute between them and the third-party human resource agencies or us in respect of employment, social insurance and housing provident funds. When the number of employees the third-party arrangements in the same region reaches a certain level, we will consider establishing branches or subsidiaries in the corresponding areas.

BUSINESS

INTERNAL CONTROL AND RISK MANAGEMENT

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as information technology, financial reporting, and internal control. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each of the subsidiaries and functional departments.

We have engaged a third-party internal control consultant to perform an internal control review on our internal control systems, including those pertaining to (1) information disclosure management, including disclosure of connected transactions and other disclosable information management, (2) contract management, (3) conflict of interest management, (4) cash management, (5) anti-fraud management, and (6) sales and receivables. We have made further enhancement to our internal control systems pursuant to the recommendations of the internal control consultant and no further recommendations were provided by the internal control consultant after follow up review.

Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations, our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines. We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees’ violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Anti-corruption

We are committed to business integrity and maintain a zero-tolerance attitude towards corruption. We strictly comply with local and international anti-corruption related laws and regulations, including but not limited to the Criminal Law of the PRC and the Anti-Money Laundering Law of the PRC. We have an employee code of conducts in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee code of conducts.

BUSINESS

Apart from internal mechanisms which promote the integrity of all employees, we desire to develop and maintain business relationships with partners who uphold the principles of integrity and compliance in their business operations. In particular, as our employees and we deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters. First, we have adopted measures against receiving bribes and kickbacks, and misappropriation of company assets. We have anti-corruption and anti-bribery clauses in a majority of our business contracts, and require our suppliers and other business partners to comply with relevant laws and regulations. Second, employees and parties outside our Company are encouraged to report suspicious information via phone, email, letters and other means. Lastly, our internal control department conducts internal control inspections on a regular basis.

Financial Reporting Risk Management

We have in place a set of policies in connection with our financial reporting risk management, such as financial reporting management, internal audit, investment management, and budget management. We also have procedures in place to implement such policies, and our financial department reviews our management accounts and internal control procedures based on such procedures. In addition, we provide training to our financial department staff to ensure they understand our accounting policies and procedures.

LICENSES, PERMITS AND APPROVALS

We are required to obtain permits, licenses, approvals, filings and certifications for certain business operated by us from the relevant government authorities as required under PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals, filings and certifications that are material to our operations, and such licenses, permits, approvals, filings and certifications all remain in full effect. Please refer to “Regulatory Overview” for more details regarding the laws and regulations to which we are subject. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates. To the best of our Directors’ knowledge, we currently do not expect to encounter any material difficulty in renewing them when they expire, if applicable, and no material unexpected or adverse changes have occurred since the date of their respective issuance.

The following table sets forth the key licenses and permits that were material to our business and operations as of June 30, 2025.

<u>License/Permit</u>	<u>Holder</u>	<u>Grant Date</u>	<u>Expiration Date</u>
High and New Technology Enterprise (高新技術企業)	The Company	December 20, 2023	December 20, 2026
High and New Technology Enterprise (高新技術企業)	Beijing 51Sim Technology Co., Ltd.	December 20, 2023	December 20, 2026
High and New Technology Enterprise (高新技術企業)	Mirrorverse Technology (Chengdu) Co., Ltd.	December 12, 2023	December 12, 2026

BUSINESS

<u>License/Permit</u>	<u>Holder</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Zhongguancun High-Tech Enterprise (中關村高新技術企業)	The Company	December 15, 2023	December 15, 2026
Zhongguancun High-Tech Enterprise (中關村高新技術企業)	Beijing 51Sim Technology Co., Ltd.	December 18, 2023	December 18, 2026
Innovative and Outstanding "Small Giant" Enterprises (專精特新“小巨人”企業)	The Company	July 2023	June 2026
CMMI Development V3.0 Maturity Level3	The Company	May 13, 2024	May 13, 2027
Certificate of Compliance With Information Technology Service Standards (Operation & Maintenance Service Assessment Level 3) (信息技術服務標準符合性證書 (運行維護服務評估等級三級))	The Company	May 15, 2024	July 13, 2027
Intellectual Property Management System Certification (知識產權管理體系認證)	The Company	March 7, 2023	March 17, 2026
Beijing Enterprise Technology Center (北京市企業技術中心)	The Company	2023	Not applicable
Beijing Municipal Enterprise Science and Technology Research and Development Organization (北京市級企業科技研究開發機構)	The Company	December 2022	December 2025

AWARDS AND RECOGNITIONS

As of June 30, 2025, we had received various awards, honors and recognitions, including the following:

<u>Year of Grant</u>	<u>Award/Recognition</u>	<u>Issuing Organization/Authority</u>
2021	First Prize of Software Platform Group in 2021 ‘Gold Standard Cup’ Green Intelligent Community Innovation Competition (2021“金標杯”綠色智慧社區創新大賽軟件平台組一等獎)	Co-hosted by the Internet News Centre of China and the National Intelligent Standard Committee (中國互聯網新聞中心和全國智標委聯合主辦)
2021	2020 Beijing Top 100 Private Enterprises in Science and Technology Innovation (2020北京民營企業“科技創新百強”)	Beijing Municipal Federation of Industry and Commerce (北京市工商聯)
2021	2021 Typical Examples of Digital Twin Cities (2021年數字孿生城市典型案例)	Digital Twin Technology Application Working Committee of Internet Society of China (中國互聯網協會數字孿生技術應用工作委員會)

BUSINESS

Year of Grant	Award/Recognition	Issuing Organization/Authority
2022	Award of Excellence in the Third China Industrial Internet Competition ‘Industrial Internet + Intelligent Networked Vehicles’ Professional Competition (第三屆中國工業互聯網大賽“工業互聯網+智能網聯汽車”專業賽優秀獎)	Hosted by the Ministry of Industry and Information Technology, the State-owned Assets Supervision and Administration Commission of the State Council, and the People’s Government of Zhejiang Province, and co-organized by the Administrative Committee of the Dalian High-tech Industrial Park, the National Research Centre for the Development of Industrial Information Security, and the Bureau of Industry and Information Technology of Dalian (工業和信息化部、國務院國有資產監督管理委員會、浙江省人民政府主辦，大連高新技術產業園區管理委員會、國家工業信息安全發展研究中心、大連市工業和信息化局共同承辦)
2022	2021 Outstanding Contribution Unit (2021年突出貢獻單位)	Digital Twin Technology Application Working Committee of Internet Society of China (中國互聯網協會數字孿生技術應用工作委員會)
2022	Fourth place in the TOP 10 List of Intelligent Networked Vehicles (智能網聯汽車領域TOP10榜單第四名)	Department of Science, Technology and Informatization of Ministry of Education, Department of Achievement Transformation and Regional Innovation of Ministry of Science and Technology, Torch High Technology Industry Development Centre of Ministry of Science and Technology, Bureau of Science and Technology Promotion and Development of Chinese Academy of Sciences, Science and Technology Innovation Development Centre of Chinese Academy of Sciences, Science and Technology Communication Centre of China Association for Science and Technology, Beijing Municipal Science and Technology Committee, Zhongguancun Administrative Committee and other units. Zhongguancun Science City Management Committee, Zhongguancun Hi-Tech Industry Promotion Centre, Zhongguancun Frontier Science and Technology and Industry Service Alliance (教育部科學技術與信息化司，科技部成果轉化與區域創新司，科學技術部火炬高技術產業開發中心，中國科學院科技促進發展局，中國科學院科技創新發展中心，中國科協科技傳播中心，北京市科委、中關村管委會等單位聯合指導。中關村科學城管理委員會、中關村高科技產業促進中心、中關村前沿科技與產業服務聯盟)

BUSINESS

Year of Grant	Award/Recognition	Issuing Organization/Authority
2023	Top 100 Companies for 2022 Metaverse Industry Applications and Pioneering Technologies (2022元宇宙產業應用與先鋒技術百強企業)	Cai Lian Press (財聯社)
2023	The 6th Zhongguancun International Advanced Science and Technology Innovation Competition - Top10 in the Interconnected Vehicle Field (第六屆中關村國際前沿科技創新大賽—智能網聯汽車領域Top10)	Organizing Committee of Zhongguan International Advanced Technology Innovation Competition (中關村國際前沿科技創新大賽組委會)
2023	2023 Top 100 Digital Economy Enterprises in Beijing (2023北京數字經濟企業百強)	Beijing Federation of Enterprises, Beijing Entrepreneurs Association (北京企業聯合會、北京企業家協會)
2023	2023 National Cultural Metaverse Demonstration Cases and Pioneer Organizations, China Metaverse Star Providers (Cultural) (2023年全國文化元宇宙示範案例與先鋒機構、中國元宇宙星級供應商(文化類))	China Academy of Information and Communications Technology (中國信通院)
2023	2023 Digital Twin Excellent Case of the Year (2023年度數字孿生優秀案例)	Zhongguancun Smart City Industry Technology Innovation Strategic Alliance (中關村智慧城市產業技術創新戰略聯盟)
2023	2023 Integrity Enterprise in Software and Information Service Industry (2023年軟件和信息服務業誠信企業)	Beijing Software and Information Service Industry Association (北京軟件和信息服務業協會)
2023	High and New Technology Enterprise innovation ability evaluation grade AAAAA (高新技術企業創新能力評價等級AAAAA)	Beijing Zhongguancun High and New Technology Enterprise Association (北京中關村高新技術企業協會)
2023	2023 Special Prize of Science and Technology Progress Award of Chinese Association of Automation (2023中國自動化學會科技進步獎特等獎)	Chinese Association of Automation (中國自動化學會)
2023	CAICT typical application cases in 2023 (2023 年信通院應用典型案例)	China Academy of Information and Communications Technology (中國信息通信研究院)
2023	CAICT potential cases of application of digital twin technology in 2023 (2023 年信通院數字孿生技術應用潛力案例)	China Academy of Information and Communications Technology (中國信息通信研究院)
2023	Excellent Case Study of City Brain (城市大腦優秀案例)	National Information Technology Standardization Technical Committee (全國信息技術標準化技術委員會)
2024	First Prize of the Science and Technology Award of the China Intelligent Transportation Systems Association (中國智能交通協會科學技術獎一等獎)	China Intelligent Transportation Systems Association (中國智能交通協會)

BUSINESS

Year of Grant	Award/Recognition	Issuing Organization/Authority
2024	2024 National Digital Twin Technology Application Typical Practice Case (2024年度全國數字孿生技術應用典型實踐案例)	China Academy of Information and Communications Technology, Internet Society of China, China Communications Standards Association (中國信息通信研究院、中國互聯網協會、中國通信標準化協會)
2025	Digital Economy Benchmark Enterprise (數字經濟標竿企業)	Beijing Software and Information Services Association (北京軟件和信息服務業協會)
2025	2025 Digital China Innovation Competition Digital City Track—Digital City Hundred Scenes Award (2025數字中國創新大賽數字城市賽道—數字城市百景獎)	Digital China Summit Organizing Committee (數字中國建設峰會組委會)
2025	Progressive Unit for Digital Twin Standardization (數字孿生標準化工作先進單位)	Digital Twin Working Group (數字孿生工作小組)

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in “Appendix I—Accountants’ Report,” together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a digital twin technology company in China. We have invested heavily in and developed core competencies in technology around three major areas: 3D graphics, simulation, and AI. We aim to provide eco-partners including enterprises, consumers and developers with solutions to access and build digital twins and work together with them to create a “Digital Twin Earth” which will in the end enhance the efficiency, safety, and quality of the real world as well as provide people with new perspectives and technologies to understand and improve our world.

During the Track Record Period, our revenue grew significantly. Our revenue increased by 50.8% from RMB170.0 million in 2022 to RMB256.3 million in 2023, and further increased by 12.1% to RMB287.4 million in 2024. Our revenue increased by 62.0% from RMB33.2 million for the six months ended June 30, 2024 to RMB53.8 million for the same period in 2025.

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of our historical financial information are in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board, or IASB. Our historical financial information has been prepared on a historical cost basis, except for bank structured deposits, financial assets measured at fair value through profit or loss and redemption liabilities, the measurement basis of which was disclosed in Notes 2(e) and 2(p) of the Accountants’ Report in Appendix I to this document respectively.

The preparation of historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 of the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition, results of operations and prospects are affected by general factors affecting the digital twin industry, which include:

- demand for digital twin products and solutions;
- evolution and market acceptance of digital twin products and solutions;
- the competitive landscape;
- relevant laws and regulations, government policies and initiatives; and
- the general economic and business conditions in China and globally.

Unfavorable changes in any of these factors could negatively affect the demand for our products and services and materially and adversely affect our results of operations.

Our business, financial condition, results of operations and prospects are also affected by certain company-specific factors, including the following:

Technological Capabilities and Innovation

As a technology-driven company, our technological capabilities are the cornerstone of our success. Our research and development capabilities allow us to scale efficiently and effectively. We have made, and will continue to make, significant investments in our R&D efforts. During the Track Record Period, our research and development expenses were RMB134.2 million, RMB102.9 million, RMB58.3 million, RMB28.6 million and RMB30.1 million in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 79.0%, 40.2%, 20.3%, 86.1% and 56.0% of our total revenue in the same periods, respectively. Given the digital twin industry’s demands for interdisciplinary talent, our long-term competitiveness depends on attracting and retaining a R&D team. We are committed to maintaining our investment in talent acquisition.

Comprehensive and Dynamic Product Portfolio

Our digital twin products are versatile and responsive to frequent changes in customer demand. The global digital twin industry is characterized by rapid advancements in product innovation and technology. To maintain our leading position and achieve sustainable growth, we must continuously enhance our digital twin products and introduce new products and solutions promptly. Our ability to efficiently develop and launch new digital twin products and improve our existing offerings is critical to our growth. We have a proven track record, evidenced by our comprehensive product matrix:

- **51Aes:** This platform includes AES, WDP, and ISE, providing comprehensive one-stop solutions. By offering industry solutions like 51CIM, 51WIM, and 51XIM, 51Aes spans over 10 sectors such as cities, parks, water conservation, industry and energy. We will continue to expand the coverage of industry scenarios and extend segmented scenarios.
- **51Sim:** As a pioneer in synthetic data and simulation, 51Sim offers products like SimOne, DataOne and TIM. Our simulation technologies help optimize intelligent driving algorithms, enhancing safety and performance.
- **51Earth:** Our latest venture, 51Earth.com, which was launched in March 2024, aims to explore diverse monetization opportunities for digital Earth technology. At the current stage, 51Earth is strategically expanding towards scenarios with increased consumer involvement through two applications launched in 2024, namely See3 and Short3A.

FINANCIAL INFORMATION

We aim to leverage our existing strengths and further strengthen our product matrix to drive growth.

Diverse and Optimized Customer Base

We have adopted a transaction-based model for most of our products and solutions during the Track Record Period. Retaining existing customers and optimizing our customer base are crucial for our operational results and continued growth. We serve a diverse customer base across over 10 different sectors, with 219, 249, 198, 94 and 73 contracted customers in 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, respectively. We focus on developing high-value customers and benchmark projects in different sectors. During the Track Record Period, average revenue per customer increased from RMB0.8 million in 2022 to RMB1.0 million and RMB1.5 million, respectively, in 2023 and 2024 and increased from RMB0.4 million for the six months ended June 30, 2024 to RMB0.7 million for the same period in 2025. Besides, we anticipate substantial market opportunities for digital twin solutions abroad. We currently have subsidiaries or offices in Sydney, Australia, Silicon Valley, USA, and Riyadh, Saudi Arabia, and will strategically enter regions with high demand for digital twins and data emulation by participating in international exhibitions, establishing local marketing networks, and optimizing our global marketing team’s effectiveness.

We attract new customers primarily through word-of-mouth marketing, our industry reputation, and marketing activities such as hosting EC conferences and attending industry exhibitions. Our loyal and reputable customer base demonstrates support for our solutions and services, enhancing our brand and reputation and attracting more customers.

Effective Cost Management

Effective cost management is vital for achieving profitability and sustainable growth. Our cost of sales primarily consists of (i) the purchase of software, (ii) the purchase of hardware, (iii) overhead costs, which consist primarily of our deployment, implementation and maintenance personnel’s share of occupancy costs, equipment rent, utilities, depreciation and amortization, and (iv) employee compensation expenses, which consist primarily of the cost of salaries and bonuses related to deployment, implementation and maintenance personnel. We recorded gross profit of RMB110.4 million, RMB139.0 million, RMB146.9 million, RMB16.6 million and RMB22.1 million, and gross profit margin of 65.0%, 54.2%, 51.1%, 50.0% and 41.1% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. Changes in any major component of our cost of sales and our overall cost structure could impact our gross profit and gross profit margin.

Furthermore, our business and results of operations are significantly affected by our operating expenses, which primarily comprised selling expenses, general and administrative expenses and research and development expenses. Our selling expenses were RMB58.2 million, RMB51.4 million, RMB58.2 million, RMB25.2 million and RMB34.3 million in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 34.2%, 20.0%, 20.3%, 75.8% and 63.6% of our total revenue in the same periods, respectively, and our general and administrative expenses were RMB54.1 million, RMB50.3 million and RMB89.6 million RMB26.2 million and RMB46.1 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 31.8%, 19.6%, 31.2%, 78.8% and 85.6% of our total revenue in the same periods, respectively.

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions that we use and the judgments that we make in applying our accounting policies have a significant impact on our financial condition and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions, and judgments used in the preparation of our financial statements. Other material accounting policies, estimates, assumptions, and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

Revenue and other income

Income is classified as revenue when it arises from the sale of goods or the provision of services in the ordinary course of our business.

Further details of our revenue and other income recognition policies are as follows:

Revenue from contracts with customers

Revenue arising from the sale of software platform and also from the sale of software platform together with software-embedded hardware as an integrated solution is accounted for as a single performance obligation. Revenue is recognised at a point in time when the software and the hardware (if applicable) are delivered to the customer’s designated place, inspected and accepted by the customer. In other circumstance, the software platform is delivered to end users for usage with a subscription period, the revenue is recognized over the subscription period.

The maintenance and upgrade services after sale are provided to maintain and improve the effectiveness of the software and therefore are accounted for as a separate performance obligation and are recognised over the service period.

Revenue from other sources and other income

(a) Dividends

Dividend income is recognised in profit or loss on the date on which our right to receive payment is established.

(b) Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

FINANCIAL INFORMATION

(c) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognised as deferred income in the statement of financial position and are subsequently recognised in profit or loss over the useful life of the asset.

Allowance for credit losses

Management estimates credit loss allowance using a provision matrix based on our historical credit loss experience, included customer credit-worthiness, and historical write-off experience, and adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If the financial conditions of the customers were to deteriorate, additional allowance may be required.

Inventories and other contract costs

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the specific cost method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the cost to fulfil a contract with a customer which are not capitalized as inventory, property and equipment or intangible assets.

We take advantage of practical expedient in paragraph 94 of the IFRS 15 and recognizes the incremental costs of obtaining a contract as an expense if the amortization of the asset that we otherwise would have recognized is one year or less.

Costs to fulfill a contract are capitalized if the costs related directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, property and equipment or intangible assets, are expensed as incurred.

Contract assets and contract liabilities

A contract asset is recognized when we recognize revenue before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs and are reclassified to receivables when the right to the consideration becomes unconditional.

FINANCIAL INFORMATION

A contract liability is recognized when the customer pays non-refundable consideration before we recognize the related revenue. A contract liability is also recognized if we have an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Trade and other receivables

A receivable is recognized when we have an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost.

Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Redemption liabilities

A contract that contains an obligation for us to purchase our own equity instruments for cash or another financial asset gives rise to a financial liability even if our obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost with interest expense being included in change in the carrying amounts of financial instruments issued to investors.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty’s right to request us to redeem our own equity instruments.

Recognition of deferred tax assets

Deferred tax assets related to deductible temporary differences, tax credits and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the deductible temporary differences, tax credits and tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax expenses in the period in which such estimate is changed.

Share-based payments

The equity-settled share-based payments granted to employees are measured at grant date fair value. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

FINANCIAL INFORMATION

IMPACT OF COVID-19 ON OUR OPERATIONS

At its height, the COVID-19 pandemic had a severe impact on China and the rest of the world. In response to the pandemic, countries and regions around the world, including China, imposed various measures to contain the spread of the virus. During the pandemic, repeated outbreaks and the pandemic control measures taken in many countries, such as social distancing and travel restrictions, in China and the rest of the world mainly affected the timeliness of our contract processing and payments from our customers. The COVID-19 pandemic and its recurrence necessitated temporary modifications to our daily operations to the extent in-person meeting, deployment and support were required, resulting in delays and cancellations of certain on-site activities. As Beijing and Shanghai are our primary operational centers, we were particularly impacted by regional prevention measures and flexibly adjusted our office operations accordingly. From March to June 2022, we adapted our Shanghai office operations in response to local conditions, while our Beijing office operations were similarly adjusted in April, May, and November 2022 to comply with local requirements. However, these operational adjustments did not have any material adverse impact on our business, largely due to the inherently digital nature of the software industry and our business. Through our online collaboration capabilities, we were able to effectively conduct most aspects of our business remotely—from capturing sales opportunities to delivering final products and services—while maintaining project tracking and management and effective communication with customers and other business partners through digital tools such as teleconferencing and video conferencing. Despite temporary on-site activity disruptions, we have been able to sustain our growth. There was an increase in the customer base of the during the period and many customers leveraged 51Earth’s capabilities to conduct online virtual meetings to support their own business operations during outbreaks and travel restrictions. As China and other regions continually optimized and adjusted COVID-19 prevention and control measures. As of December 2022, a majority of travel restrictions in the China were rescinded, in May 2023, the World Health Organization declared an end to COVID-19 as a public health emergency of international concern, and the situation in China and most of the rest of the world has significantly improved as of the date of this document.

Save for the foregoing, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak had not had a material adverse effect on our business, results of operations and financial condition. From 2022 to 2023, our revenue increased by 50.8% from RMB170.0 million to RMB256.3 million.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any particular period are not necessarily indicative of our future trends.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022	%	2023	%	2024	%	2024	%	2025	%
	(in RMB thousands, except for percentages)									
	(unaudited)									
Revenue	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0
Cost of sales	(59,571)	(35.0)	(117,280)	(45.8)	(140,478)	(48.9)	(16,617)	(50.0)	(31,693)	(58.9)
Gross profit	110,406	65.0	139,022	54.2	146,884	51.1	16,598	50.0	22,127	41.1
Other net income . .	12,089	7.1	11,684	4.6	10,353	3.6	4,226	12.7	5,096	9.5
Selling expenses . . .	(58,217)	(34.2)	(51,352)	(20.0)	(58,195)	(20.2)	(25,182)	(75.8)	(34,255)	(63.7)
General and administrative expenses	(54,058)	(31.8)	(50,332)	(19.6)	(89,597)	(31.2)	(26,172)	(78.8)	(46,084)	(85.6)
Research and development expenses	(134,206)	(79.0)	(102,907)	(40.2)	(58,312)	(20.3)	(28,585)	(86.1)	(30,137)	(56.0)
Impairment losses on trade and other receivables and contract assets	(4,183)	(2.5)	(9,902)	(3.9)	(22,155)	(7.7)	(2,337)	(7.0)	(7,379)	(13.7)
Loss from operations	(128,169)	(75.4)	(63,787)	(24.9)	(71,022)	(24.7)	(61,452)	(185.0)	(90,632)	(168.4)
Finance costs	(3,949)	(2.3)	(6,307)	(2.5)	(5,603)	(1.9)	(2,963)	(8.9)	(2,963)	(5.5)
Changes in carrying amount of financial instruments issued to investors	(57,400)	(33.8)	(15,676)	(6.1)	—	—	—	—	—	—
Share of results of associates	(267)	(0.2)	(1,257)	(0.5)	(875)	(0.3)	(652)	(2.0)	(454)	(0.8)
Loss before tax . . .	(189,785)	(111.7)	(87,027)	(34.0)	(77,500)	(27.0)	(65,067)	(195.9)	(94,049)	(174.7)
Income tax	—	—	(50)	—	(1,472)	(0.5)	—	—	—	—
Loss for the year/period	(189,785)	(111.7)	(87,077)	(34.0)	(78,972)	(27.5)	(65,067)	(195.9)	(94,049)	(174.7)

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use adjusted net loss (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS

FINANCIAL INFORMATION

measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back changes in carrying amount of financial instruments issued to investors, share-based payment and [REDACTED].

The following table sets forth a reconciliation of our adjusted net loss (non-IFRS measure) for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 to the nearest measure prepared in accordance with IFRS Accounting Standards, which is net loss for the year/period.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands)				
Reconciliation of net loss and adjusted net loss (non-IFRS measure)					
Net loss for the year/period	(189,785)	(87,077)	(78,972)	(65,067)	(94,049)
Add:					
Changes in carrying amount of financial instruments issued to investors ⁽¹⁾	57,400	15,676	—	—	—
Share-based payment ⁽²⁾	—	3,320	21,962	2,806	19,457
[REDACTED] ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted Net Loss (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) Changes in carrying amount of financial instruments issued to investors relate to the redemption rights granted to investors in historical financings. Such redemption rights were terminated in 2023 and the redemption liabilities recognized was reclassified to equity. See Note 22 to the Accountants’ Report in Appendix I to this document for details.
- (2) Share based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our award to our Directors, management and key employees. Such expenses in any specific period are not expected to result in future cash payments.
- (3) [REDACTED] relate to our [REDACTED].

The adjusted net loss (non-IFRS measure) decreased by 48.6% from RMB132.4 million in 2022 to RMB68.1 million in 2023. This decrease was primarily attributable to an increase in revenue, which resulted in a gross profit improvement of approximately RMB28.6 million, as well as a reduction in research and development expenses, contributing an additional RMB31.3 million to the overall reduction. The adjusted net loss (non-IFRS measure) decreased by 36.7% from RMB68.1 million in 2023 to RMB43.1 million in 2024, primarily due to an increase in revenue, which resulted in gross profit improvement of approximately RMB7.9 million, as well as a reduction in research and development expenses, contributing an additional RMB44.6 million to the overall reduction. The adjusted net loss (non-IFRS measure) increased by 11.4% from RMB60.3 million for the six months ended June 30, 2024 to RMB67.2 million for the same period of 2025, primarily due to the increase in general and administrative expenses and selling expenses. (i) the increase in selling expenses of RMB9.1 million incurred to increase our brand awareness and expand our customer base, (ii) the increase in general and administrative expenses of RMB19.9 million, (iii) the increase in impairment losses on trade and other receivables and contract assets of RMB5.0 million, and (iv) the increase in research and development expenses of RMB1.6 million, partially offset by an improvement in gross profit of RMB5.5 million in line with the growth of our revenue.

FINANCIAL INFORMATION

Revenue

During the Track Record Period, we primarily derived revenue from 51Aes and 51Sim. We generated substantially all of our revenue from China during the Track Record Period.

During the Track Record Period, we generally recorded higher revenues for our products and solutions in the fourth quarter of the year, primarily because certain of our customers tend to complete their inspection of and accept our products and solutions in the fourth quarter, which cause us to recognize revenue in the fourth quarter according to relevant revenue recognition policy. See “Risk Factors—Risks Relating To Our General Operations and Industry—Our business and results of operations are subject to seasonal fluctuations.”

Revenue by business lines

The following table sets forth a breakdown of our revenue by business lines during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
<i>(unaudited)</i>										
51Aes	141,627	83.3	204,586	79.8	236,166	82.1	26,014	78.3	43,784	81.3
51Sim	25,926	15.3	42,453	16.6	47,595	16.6	3,804	11.5	7,942	14.8
51Earth	2,424	1.4	9,263	3.6	3,601	1.3	3,397	10.2	2,094	3.9
Total	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

Our products and solutions are mainly offered on a project-by-project basis. Where our customers have specific needs and uses for our products, we can customize and tailor corresponding functions on a broadly flexible basis according to their instructions and project requirements. During the Track Record Period, the majority of our revenue were generated from customized solutions tailored for various industry verticals and application scenarios. The following table sets forth a breakdown of revenue by product and solution offering types during the Track Record Period for the periods indicated.

	For the years ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
Standardized products ...	16,375	9.6	15,282	6.0	25,324	8.8	4,368	13.1	16,799	31.2
Customized solutions	153,602	90.4	241,020	94.0	262,038	91.2	28,847	86.9	37,021	68.8
Total	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

FINANCIAL INFORMATION

Revenue by geological location of projects

The following table sets forth a breakdown of our revenue by geological location of our projects during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB thousands, except for percentage data)									
Mainland China	164,271	96.6	250,334	97.7	269,143	93.7	30,949	93.2	53,820	100.0
Western China	42,492	25.0	50,117	19.6	117,310	40.8	9,747	29.4	3,243	6.0
Northern China	18,488	10.9	80,042	31.2	96,586	33.6	4,790	14.4	30,897	57.4
Eastern China	78,140	46.0	95,838	37.4	36,117	12.6	8,429	25.4	13,008	24.2
Southern China	13,999	8.1	11,091	4.3	13,799	4.8	6,916	20.8	5,892	10.9
Central China	11,152	6.6	13,246	5.2	5,331	1.9	1,067	3.2	780	1.5
Others ⁽¹⁾	5,706	3.4	5,968	2.3	18,219	6.3	2,266	6.8	—	—
Total	169,977	100.0	256,302	100.0	287,362	100.0	33,215	100.0	53,820	100.0

Note:

(1) Primarily represent Australia, Japan, Turkey, Hong Kong, Singapore, France, Indonesia and United Arab Emirates.

Cost of Sales

Our cost of sales primarily comprises (i) purchase of software, (ii) employee compensation expenses, which consist primarily of the cost of salaries and bonuses related to our deployment, implementation and maintenance personnel (iii) purchase of hardware, and (iv) overhead costs, which consist primarily of our deployment, implementation and maintenance personnel’s share of occupancy costs, equipment rent, utilities, depreciation and amortization. The following table sets forth the breakdown of our cost of sales by nature, in absolute amount and percentages of total cost of sales, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB thousands, except for percentage data)									
Cost of sales										
Purchase of software	25,615	43.0	35,995	30.7	91,451	65.1	3,111	18.7	19,178	60.5
Employee compensation expenses	23,436	39.3	33,619	28.7	32,695	23.3	9,024	54.3	7,243	22.8
Purchase of hardware	7,423	12.5	41,104	35.0	10,340	7.3	536	3.2	3,123	9.9
Overhead costs	3,097	5.2	6,562	5.6	5,992	4.3	3,946	23.8	2,149	6.8
Total	59,571	100.0	117,280	100.0	140,478	100.0	16,617	100.0	31,693	100.0

FINANCIAL INFORMATION

The following table sets forth the breakdown of our cost of sales by business lines, in absolute amount and percentages of total cost of sales, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
Cost of sales										
51Aes	43,610	73.2	90,614	77.3	111,524	79.4	10,318	62.1	24,819	78.3
51Sim	15,669	26.3	21,372	18.2	25,743	18.3	4,170	25.1	5,605	17.7
51Earth	292	0.5	5,294	4.5	3,211	2.3	2,129	12.8	1,269	4.0
Total	59,571	100.0	117,280	100.0	140,478	100.0	16,617	100.0	31,693	100.0

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by business lines, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
<i>(in RMB thousands, except for percentage data)</i>										
Gross profit										
51Aes	98,017	69.2	113,972	55.7	124,642	52.8	15,696	60.3	18,965	43.3
51Sim	10,257	39.6	21,081	49.7	21,852	45.9	(366)	(9.6)	2,337	29.4
51Earth	2,132	88.0	3,969	42.8	390	10.8	1,268	37.3	825	39.4
Total	110,406	65.0	139,022	54.2	146,884	51.1	16,598	50.0	22,127	41.1

We recorded gross profit of RMB110.4 million, RMB139.0 million, RMB146.9 million RMB16.6 million and RMB22.1 million, and gross profit margin of 65.0%, 54.2%, 51.1%, 50.0% and 41.1% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. The overall decrease in our gross profit margins during the Track Record Period was mainly attributable to changes in our revenue composition. While our overall revenue increased, an increasing portion was derived from solutions with higher hardware content, which typically carry higher associated costs.

The following table sets forth a breakdown of gross profit and gross profit margin by customer type during the Track Record Period for the periods indicated.

	For the years ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
<i>(in RMB thousands, except for percentages)</i>										
End users	61,471	64.8	58,550	48.5	72,626	68.2	9,501	51.8	11,488	47.8
System integrators	48,935	65.1	80,472	59.3	74,258	41.1	7,097	47.7	10,639	35.7

FINANCIAL INFORMATION

The Company experienced notable fluctuations in gross profit margins across customer types during the Track Record Period. These variations relate to the fact that our products and solutions are mainly offered on a project-by-project basis, where gross profit margins can differ significantly between individual projects regardless of customer type. Factors influencing these fluctuations include project complexity, customization requirements, level of involvement of hardware and competitive landscape etc. We typically evaluate each project opportunity based on its potential value contribution rather than adhering to fixed margin targets for specific customer segment. For instance, the relatively low gross profit margin for end user projects in 2023 was mainly due to the cloud network project for Customer F which carried higher hardware and development costs. For details of this project and Customer F, see “Business—Our Customers.” The relatively low gross profit margin for system integrator projects in 2024 was mainly due to the increased revenue contribution of certain Smart Village projects which had a lower profit margin as we served the role similar to system integrators or project coordinators in such projects. For details, see “—Period to period comparison of results of operations” below.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee compensation expenses, which primarily include the salaries, wages, bonuses and share-based payments expenses for our research and development personnel, (ii) housing rental and property expenses, (iii) equipment rental expenses, (iv) depreciation and amortization, and (v) technology service fees. Historically, we have made significant investments in our research and development activities as we continued to develop our products and solutions and expanded our research and development team. During the Track Record Period, all of our research and development expenses were incurred for Specialist Technology Products as defined under Chapter 18C of the Listing Rules. We do not capitalize research and development costs nor allocate them by solutions or products.

The following table sets forth the breakdown of our research and development expenses by nature, in absolute amount and percentages of our total research and development expenses, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2022		2023		2024		2024		2025			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%		
	(in RMB thousands, except for percentage data)											
Research and Development Expenses												
Employee compensation expenses . . .	112,737	84.0	82,018	79.7	43,276	74.2	23,736	83.0	20,220	67.1		
Housing rental and property expenses	8,576	6.4	7,101	6.9	5,200	8.9	2,607	9.1	2,396	8.0		
Equipment rental expenses	1,387	1.0	616	0.6	201	0.4	116	0.4	129	0.4		
Depreciation and amortization	2,612	2.0	2,006	2.0	898	1.5	603	2.1	206	0.7		
Technology service fees ⁽¹⁾	5,118	3.8	8,845	8.6	7,839	13.4	1,043	3.7	6,469	21.5		
Office, utility and travelling expenses	948	0.7	1,139	1.1	322	0.6	106	0.4	434	1.4		
Professional service fees	1,099	0.8	345	0.3	12	—	12	—	1	—		
Others	1,729	1.3	837	0.8	564	1.0	362	1.3	282	0.9		
Total	134,206	100.0	102,907	100.0	58,312	100.0	28,585	100.0	30,137	100.0		

FINANCIAL INFORMATION

Note:

- (1) Technology service fees primarily represents comprehensive expenses incurred to support product research and development, technology iteration, and service optimization, mainly including various cloud resource service fees, technical support, and maintenance fees incurred solely to support research and development activities.

The following table sets forth the breakdown of our research and development expenses by products, in absolute amount and percentages of our total research and development expenses, for the periods indicated:

	For the years ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
Research and development expenses										
51Aes	93,136	69.4	59,708	58.0	31,079	53.3	12,690	44.4	17,207	57.1
51Sim	25,752	19.2	24,669	24.0	18,251	31.3	8,821	30.9	7,206	23.9
51Earth	3,559	2.6	6,179	6.0	5,327	9.1	5,151	18.0	2,411	8.0
General research and development expenses	11,759	8.8	12,351	12.0	3,655	6.3	1,923	6.7	3,313	11.0
Total	134,206	100.0	102,907	100.0	58,312	100.0	28,585	100.0	30,137	100.0

Our research and development expenses continued to decrease during the from 2022 to 2024, primarily due to the optimization of our R&D team during the period. Such optimization primarily involved: (i) adjusting the size of our WDP team under 51Aes, as the product entered into a more mature phase with a stabilized development cycle, while retaining sufficient personnel for product upgrades and maintenance; (ii) restructuring our R&D organizational framework to enhance operational efficiency, which resulted in some natural attrition as certain positions were consolidated or redefined; and (iii) conducting a comprehensive talent assessment process to ensure our R&D capabilities remained aligned with our strategic direction.

Specifically, beginning with a significant restructuring mainly from April to June 2023 when our WDP product entered a more mature phase with stabilized development cycle, we merged our 51Aes industry research team with the remaining WDP team and our general R&D unit, creating an integrated technology development department of approximately 100 personnel by June 2023. This consolidation reduced our total R&D headcount from approximately 250 in January 2023 to approximately 163 by June 2023. Further strategic adjustments continued throughout 2023 and 2024 based on specific business needs. This includes adding approximately 20 project deployment employees with R&D capabilities to industry research functions in October 2023, reallocating approximately 20 industry research personnel to our project support department in January 2024, and strategically shifting project deployment personnel to research and development for 51Aes and 51Sim in September 2024. As a result of these measured adjustments, we were able to flexibly balance our technical resources with product maturity cycles and deployment schedules while maintaining our innovation capabilities. Consequently, our overall R&D headcount stabilized during 2024, ranging from approximately 130 personnel in January to 118 by December 2024.

Our research and development slightly increased from RMB28.6 million for the six months ended June 30, 2024 to RMB30.1 million for the same period in 2025.

FINANCIAL INFORMATION

Selling Expenses

Our selling expenses consist primarily of (i) employee compensation expenses, which primarily include the salaries, wages, bonuses and share-based payments expenses for our selling personnel, (ii) advertising and promotion expenses, and (iii) housing rental and property expenses. The following table sets forth a breakdown of our selling expenses, in absolute amounts and as percentages of our total selling expenses, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
Selling expenses										
Employee compensation expenses	49,959	85.8	40,243	78.3	39,699	68.3	21,424	85.1	23,228	67.8
Advertising and promotion expenses . . .	3,202	5.5	4,885	9.5	10,597	18.2	768	3.0	6,779	19.8
Housing rental and property expenses . .	3,484	6.0	2,868	5.6	3,287	5.6	1,810	7.2	1,815	5.3
Depreciation and amortization	349	0.6	406	0.8	171	0.3	116	0.5	141	0.4
Equipment rental and service fees	205	0.4	398	0.8	188	0.3	53	0.2	97	0.3
Others	1,018	1.7	2,552	5.0	4,253	7.3	1,011	4.0	2,195	6.4
Total	58,217	100.0	51,352	100.0	58,195	100.0	25,182	100.0	34,255	100.0

General and Administrative Expenses

Our general and administrative expenses primarily include (i) employee compensation expenses, which primarily include the salaries, wages, bonuses and share-based payments expenses for our administrative personnel, (ii) depreciation and amortization, which are primarily related to our property and equipment, (iii) housing rental and property expenses, (iv) professional service fees and (v) [REDACTED]. The following table sets forth a breakdown of our general and administrative expenses, in absolute amounts and as percentages of our total general and administrative expenses, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in RMB thousands, except for percentage data)</i>										
General and administrative expenses										
Employee compensation expenses	42,096	77.9	38,707	77.0	47,673	53.1	17,125	65.4	30,833	66.9
Depreciation and amortization	1,956	3.6	2,200	4.4	3,191	3.6	2,012	7.7	1,197	2.6
Housing rental and property expenses	2,954	5.5	2,777	5.5	3,364	3.8	1,461	5.6	1,854	4.0
Professional service fees	3,161	5.8	3,093	6.1	10,066	11.2	2,041	7.8	964	2.1
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Office, recruitment and travelling expenses	1,068	2.0	1,524	3.0	1,260	1.4	654	2.5	1,484	3.2
Equipment rental and service fees	1,951	3.6	1,313	2.6	1,178	1.3	548	2.1	723	1.6
Others ⁽¹⁾	872	1.6	718	1.4	8,920	10.0	350	1.3	1,614	3.5
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note:

(1) The increase in 2024 primarily relates to an ongoing arbitration against our Company. See Note 19 to the Accountants’ Report in Appendix I to this document for details.

FINANCIAL INFORMATION

During the Track Record Period, combined selling, general and administrative expenses as a percentage of total revenue experienced fluctuation, decreasing from 66.1% in 2022 to 39.7% in 2023, and then increasing to 51.4% in 2024. The significant improvement in 2023 was primarily driven by both substantial revenue growth of 50.8% and a 9.4% reduction in absolute amount of SG&A through strategic optimization of the sales team and administrative team. While combined selling, general and administrative expense increased by 45.3% from 2023 to 2024, primarily due to one-off [REDACTED] and expanded marketing initiatives (including holding the seventh Earth Clone Conference and increased traveling of sales personnel), our operational efficiency remained considerably improved compared to 2022 levels, supported by continued revenue growth of 12.1%. combined selling, general and administrative expense as a percentage of our total revenue accounted for 154.6% and 149.3% respectively for the six months ended June 30, 2024 and 2025, respectively, primarily because we generally recorded higher revenues in the fourth quarter compared to other quarters of the years, which resulted in higher combined selling, general and administrative expense as a percentage of revenue for the six months ended June 30, 2024 and 2025 than other periods.

Other Net Income

Other net income primarily includes government grants and interest income. Government grants mainly consist of non-recurring financial assistance from government authorities, including (i) tax refund, and (ii) subsidies for our business operation. We recognize certain financial assistance as government grants in other income only when we satisfy the applicable certain conditions.

The following table sets forth the breakdown of other net income in absolute amount and percentages of total other net income for the periods indicated:

	For the Year Ended December 31,						For the six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB thousands, except for percentage data)									
Other net income										
Government grants	3,573	29.6	2,997	25.6	2,870	27.7	1,445	34.2	775	15.2
Interest income	6,376	52.7	5,369	46.0	6,685	64.6	2,300	54.4	3,567	70.0
Additional deductible value added tax (“VAT”)	87	0.7	1,293	11.1	—	—	—	—	—	—
Net gain/(loss) on disposals of property and equipment and termination of right-of-use assets	1,704	14.1	501	4.3	(35)	(0.3)	—	—	1	—
Others	349	2.9	1,524	13.0	833	8.0	481	11.4	753	14.8
Total	12,089	100.0	11,684	100.0	10,353	100.0	4,226	100.0	5,096	100.0

Impairment Losses on Trade and Other Receivables and Contract Assets

Impairment losses on trade and other receivables primarily represent provision of trade and other receivables and contract assets. In the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we recorded impairment losses on trade and other receivables and contract assets of RMB4.2 million, RMB9.9 million, RMB22.2 million RMB2.3 million and RMB7.4 million, respectively.

FINANCIAL INFORMATION

Finance Costs

Finance costs primarily represent interest on bank and other loans and interest on lease liabilities. In the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we recorded finance costs of RMB3.9 million, RMB6.3 million, RMB5.6 million, RMB3.0 million and RMB3.0 million, respectively.

Changes in Carrying Amount of Financial Instruments Issued to Investors

Changes in carrying amount of financial instruments issued to investors primarily related to the changes in the carrying amount of redemption rights granted to investors in historical financings. See Note 22 to the Accountants’ Report in Appendix I to this document for details. In 2022 and 2023, we recorded changes in carrying amount of financial instruments issued to investors of RMB57.4 million and RMB15.7 million, respectively. Such redemption rights were terminated in 2023 and the redemption liabilities recognized was reclassified to equity.

Income Tax

As of the Latest Practicable Date, we did not have any dispute with any tax authority. Our income tax is accrued on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. The following summarizes the tax rates of our principal subsidiaries.

Taxation

China

In China, pursuant to the Enterprise Income Tax Law and Implementation Regulation of the Enterprise Income Tax Law, the tax rate of our Company and our subsidiaries in China was 25% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025. We and certain of our subsidiaries in China enjoyed preferential tax treatments, mainly including tax rate of 15% due to preferential tax policies for being approved as High and New Technology Enterprise. Certain of our subsidiaries in China enjoy accelerated tax deduction on their research and development expenses. For details, see Note 7 to the Accountants’ Report in Appendix I to this document.

Other jurisdictions

Our subsidiaries incorporated in other jurisdictions are subject to income tax in accordance with the prevailing practice of the jurisdictions in which they operate.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Revenue

Our revenue increased significantly by 62.0% from RMB33.2 million for the six months ended June 30, 2024 to RMB53.8 million for the six months ended June 30, 2025, primarily attributable to the increase in revenue from 51Aes and 51Sim.

- Our revenue from 51Aes increased significantly by 68.3% from RMB26.0 million for the six months ended June 30, 2024 to RMB43.8 million for the six months ended June 30, 2025,

FINANCIAL INFORMATION

primarily due to further revenue recognized for a Smart Village project for Beijing Changping District (with a contract value of RMB70.5 million and income of RMB42.6 million recognized in 2024 and RMB15.5 million recognized in 2025).

- Our revenue from 51Sim increased by 108.8% from RMB3.8 million for the six months ended June 30, 2024 to RMB7.9 million for the six months ended June 30, 2025, primarily due to customer acceptance of two projects with relatively high contract values, including (i) one with a contract value of RMB2.5 million and income of RMB2.2 million during the period for developing a driving simulation and testing platform for a renowned industrial vehicle brand and (ii) one with a contract value of RMB1.9 million and income of RMB1.7 million during the period for developing a simulation environment for unmanned tire crane operations in port yard scenarios for a customer which specializes in integrating artificial intelligence and autonomous control technologies into engineering machinery.
- Our revenue from 51Earth decreased by 38.4% from RMB3.4 million for the six months ended June 30, 2024 to RMB2.1 million for the six months ended June 30, 2025, mainly due to the absence of large-scale projects in the first half of 2025, compared to a project with a global automotive customer in the first half of 2024 that contributed approximately RMB1.8 million in revenue.

Cost of sales

Our cost of sales increased significantly by 90.7% from RMB16.6 million for the six months ended June 30, 2024 to RMB31.7 million for the six months ended June 30, 2025, which was in line with the growth of our revenue and also attributable to higher delivery cost associated with increased provision of customized solutions in the six months ended June 30, 2025, particularly those with a higher hardware content, which typically carry higher associated costs.

- Our cost of sales for 51Aes increased by 140.5% from RMB10.3 million for the six months ended June 30, 2024 to RMB24.8 million for the six months ended June 30, 2025, mainly due to the delivery of the Smart Village project for Beijing Changping District and largely in line with the growth of our revenue. The hardware for 51Aes for the six months ended June 30, 2025 primarily included high-definition televisions, high-performance host computers, high-resolution display screens, servers, and customized furniture to create a modern workspace that fulfills display, processing, storage, and office requirements.
- Our cost of sales for 51Sim increased by 34.4% from RMB4.2 million for the six months ended June 30, 2024 to RMB5.6 million for the six months ended June 30, 2025, which was largely in line with the growth of our revenue. The hardware for 51Sim for the six months ended June 30, 2025 primarily included high-performance simulators, servers, display screens, converters, host computers, and customized conference tables for simulation, data support, display, equipment compatibility, computing, and team collaboration purposes.
- Our cost of sales for 51Earth decreased by 40.4% from RMB2.1 million for the six months ended June 30, 2024 to RMB1.3 million for the six months ended June 30, 2025, mainly due to the higher cost of sales in 2024 attributable to more customized solutions in the year.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 33.3% from RMB16.6 million for the six months ended June 30, 2024 to RMB22.1 million for the six months ended June 30, 2025, while

FINANCIAL INFORMATION

our overall gross profit margin decreased from 50.0% for the six months ended June 30, 2024 to 41.1% for six months ended June 30, 2025.

- Our gross profit for 51Aes increased from RMB15.7 million for the six months ended June 30, 2024 to RMB19.0 million for the six months ended June 30, 2025 with gross profit margin decreasing from 60.3% to 43.3% during the same period. The decrease in gross profit margin was mainly attributable to the Smart Village project for Beijing Changping District which had a lower profit margin as we served the role similar to system integrators in such project.
- We recorded gross loss for 51Sim of RMB0.4 million for the six months ended June 30, 2024, compared to gross profit of RMB2.3 million for the six months ended June 30, 2025 with gross loss margin of 9.6% and gross profit margin of 29.4% during the same periods, respectively. The gross loss margin of 9.6% in the first half of 2024 was primarily due to write-down of inventory of approximately RMB1.9 million pertaining to a simulation testing system developed for a globally reputable automotive brand. This project marked our first collaboration with this automotive brand on a production simulation testing project. The full-year 2024 gross profit margin demonstrates that such inventory write-down was confined to the first half of 2024 rather than a persistent issue affecting overall business performance.
- Our gross profit for 51Earth decreased from RMB1.3 million for the six months ended June 30, 2024 to RMB0.8 million for the six months ended June 30, 2025 with gross profit margin remaining relatively stable at 37.3% and 39.4%, respectively, for the six months ended June 30, 2024 and 2025.

Research and development expenses

Our research and development expenses slightly increased from RMB28.6 million for the six months ended June 30, 2024 to RMB30.1 million for the six months ended June 30, 2025, primarily attributable to an increase in technology service fees mainly related to outsourced R&D of several supportive and non-core software development tasks to third-party IT companies.

Selling expenses

Our selling expenses increased by 36.0% from RMB25.2 million for the six months ended June 30, 2024 to RMB34.3 million for the six months ended June 30, 2025 mainly due to an increase of RMB6.0 million in advertising and promotion expenses mainly attributable to significant upfront project development expenditures, incurred to expand our business operations as well as marketing and promotional expenses for overseas market expansion.

General and administrative expenses

Our general and administrative expenses increased by 76.1% from RMB26.2 million for the six months ended June 30, 2024 to RMB46.1 million for the six months ended June 30, 2025, mainly due to an increase of RMB13.7 million in employee compensation expenses in relation to share-based payments which were mainly due to the amortization of share options which were granted to Mr. Li Yi under the Pre-[REDACTED] share option scheme in the second half of 2024 (see Note 23 to the Accountants’ Report in Appendix I to this document for details).

Other net income

Our other net income increased from RMB4.2million for the six months ended June 30, 2024 to RMB5.1 million for the six months ended June 30, 2025, mainly due to an increase in interest income.

FINANCIAL INFORMATION

Impairment losses on trade and other receivables

Our impairment losses on trade and other receivables increased significantly from RMB2.3 million for the six months ended June 30, 2024 to RMB7.4 million for the six months ended June 30, 2025, primarily due to the increase in trade and other receivables following our business growth (particularly the significant amount of revenue recognized in the second half of 2024 and the first half of 2025) and resulting in corresponding increase in provision.

Finance costs

Our finance costs remained stable at RMB3.0 million and RMB3.0 million for the six months ended June 30, 2024 and 2025, respectively.

Changes in carrying amount of financial instruments issued to investors

We recorded losses from changes in carrying amount of financial instruments issued to investors of nil and nil for the six months ended June 30, 2024 and 2025, respectively, as the then carrying amount of the redemption liabilities recognized was reclassified to equity upon termination of redemption rights granted to investors in 2023. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

Loss for the period

As a result of the foregoing, we incurred a loss of RMB94.0 million for the six months ended June 30, 2025, compared to a loss of RMB65.1 million for the six months ended June 30, 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 12.1% from RMB256.3 million in 2023 to RMB287.4 million in 2024, primarily attributable to the increase in revenue from 51Aes and 51Sim, and partially offset by the decrease in revenue from 51Earth in 2024.

- Our revenue from 51Aes increased by 15.4% from RMB204.6 million in 2023 to RMB236.2 million in 2024, primarily due to increased orders and completion and acceptance of Smart Village projects as well as cultural tourism sector projects. The growth in Smart Village projects reflects the increasing demand for rural digital transformation initiatives, as villages across China seek to modernize and digitalize their infrastructure and management including through incorporating digital twin technologies. These include digitizing village-level governance to improve administrative efficiency, real-time monitoring of rural ecological environments, simulating crop growth cycles to assist scientific farming and ecological protection, and digitally preserving and promoting cultural resources such as historical sites and folk customs. In 2024 we delivered a total of seven Smart Village projects including two with relatively high contract value in Beijing’s Changping district, (with a contract value of RMB71.3 million and income after tax deductions of RMB42.6 million, with the majority of the remainder expected to be recognized in 2025 and a small portion throughout the warranty period) and Shaanxi’s Shiquan county, (with a contract value of RMB30.3 million and income after tax deductions of RMB28.6 million). Meanwhile, the cultural tourism sector represents a

FINANCIAL INFORMATION

strategic focus area where we have rapidly gained traction in 2024, leveraging our technological expertise to enhance visitor experiences at cultural and tourism destinations. Overall, the number of 51Aes customers decreased from 183 in 2023 to 131 in 2024, while the average revenue per customer increased from approximately RMB1.1 million to RMB1.8 million during the same period, primarily due to our focus on securing larger projects during the period.

- Our revenue from 51Sim increased by 12.1% from RMB42.5 million in 2023 to RMB47.6 million in 2024, primarily due to increased orders from automakers including developing autonomous driving simulation and testing platform solutions for two reputable PRC automakers with relatively higher contract value from 2023 to 2024. These two projects had relatively high contract values of RMB5.5 million and RMB2.1 million, with income after tax deductions of RMB4.9 million and RMB1.8 million, respectively. Furthermore, the number of 51Sim customers increased from 40 to 58.
- Our revenue from 51Earth decreased by 61.1% from RMB9.3 million in 2023 to RMB3.6 million in 2024, mainly due to a decline in demand for certain products, such as online meeting and digital exhibition halls during the year.

We offer our products and solutions on a project-by-project basis and the scale and complexity can vary significantly from project to project. Therefore, the time from project implementation to final acceptance by customer of each project could also vary significantly due to such difference in scale and complexity and due to the different internal requirements or additional project demands of customers after project delivery. In addition, the time from delivery to acceptance can also vary significantly, including the amount of time required by customers to complete internal processes. The increase in our revenue from 2023 to 2024 can be partially attributable to our enhanced communication efforts with customers which resulted in efficient customer acceptance in 2024. Such enhanced communication efforts with customers include optimizing the pre- and post-delivery communication and confirmation process, establishing acceptance as a critical component of the business workflow, and assigning business personnel to proactively communicate acceptance timelines and standards from the initial contract signing phase. We primarily initiated these communication enhancement measures in 2024 following a comprehensive assessment conducted in 2023 that identified customer confirmation as a process requiring clearer communication from the outset of business partnerships.

Cost of sales

Our cost of sales increased by 19.8% from RMB117.3 million in 2023 to RMB140.5 million in 2024, which was in line with the growth of our revenue and also attributable to higher delivery costs associated with increased provision of customized solutions in 2024, particularly those with a higher hardware content, which typically carry higher associated costs.

- Our cost of sales for 51Aes increased by 23.1% from RMB90.6 million in 2023 to RMB111.5 million in 2024, which was largely in line with the growth of our revenue. The hardware for 51Aes in 2024 primarily included high-performance host computers, high-resolution display screens, high-capacity servers, computer accessories, and physical models to fulfill computing, display, storage, functionality enhancement, and design research requirements.
- Our cost of sales for 51Sim increased by 20.5% from RMB21.4 million in 2023 to RMB25.7 million in 2024, mainly due to significantly increased labor hours for key

FINANCIAL INFORMATION

projects. This increase was driven by two separate projects: (i) a complex tunnel driving simulation platform project, and (ii) an autonomous driving simulation and testing platform developed for a prominent Chinese automotive manufacturer. The extensive man-hours required for these technical projects contributed substantially to the higher cost of sales. The hardware for 51Sim in 2024 primarily included simulators, host computers, electrical components, and computer accessories for simulation, computing, equipment maintenance, and functionality enhancement purposes.

- Our cost of sales for 51Earth decreased by 39.4% from RMB5.3 million in 2023 to RMB3.2 million in 2024, mainly due to a decrease in customized solutions in 2024 compared to 2023.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 5.7% from RMB139.0 million in 2023 to RMB146.9 million in 2024, and our overall gross profit margin decreased from 54.2% in 2023 to 51.1% in 2024.

- Our gross profit for 51Aes increased from RMB114.0 million in 2023 to RMB124.6 million in 2024 with gross profit margin decreasing from 55.7% to 52.8% during the same period. The slight decrease in gross profit margin was mainly due to the increased revenue contribution of certain Smart Village projects (especially the Smart Village project for Beijing Changping District) which had a lower profit margin as we served the role similar to system integrators or project coordinators in such projects. Specifically, for these Smart Village projects, we directly contracted with government end-users or system integrators and took on broader responsibilities beyond our core digital twin solutions. This expanded scope included overall project coordination, engagement and management of third-party suppliers for complementary services and systems (such as network communication providers, hardware suppliers, data platform providers, and rural business system developers with various capabilities), and integration of various technological components required for comprehensive village digitalization (such as connecting communication networks with smart hardware to achieve real-time, stable data transmission; integrating and optimizing software systems to incorporate agricultural production management systems, rural governance systems, rural cultural display systems, etc. into a unified smart village platform; and enabling data sharing and interaction between various systems through data middleware). While this approach allowed us to secure larger contract values and strengthen our strategic positioning with relevant customers, these additional coordination and third-party service components typically carried lower margins compared to our own digital twin solutions, thereby diluting the overall profit margin. For further details of our cooperation with system integrators, see “Business — Sales and marketing — Sales model.”
- Our gross profit for 51Sim increased from RMB21.1 million in 2023 to RMB21.9 million in 2024 with gross profit margin decreasing from 49.7% to 45.9% during the same period. The decrease in gross profit margin was primarily due to higher costs associated with two separate projects: (i) a complex tunnel driving simulation platform project, and (ii) an autonomous driving simulation and testing platform developed for a prominent Chinese automotive manufacturer. The extensive man-hours required for the development and customization of these projects contributed to their relatively lower gross profit margin. For instance, the tunnel driving simulation platform

FINANCIAL INFORMATION

project was designed to capture driving behavior data through multiple simulators, evaluating tunnel design rationality and comfort — a relatively advanced direction in the transportation industry. To ensure realistic driving simulation and reliable data collection, we incorporated various high-end hardware components including multiple types of driving simulators (such as half-cab driving simulators, small dynamic simulators, small static simulators, bicycle driving simulators, moped driving simulators, and driver state detection equipment), significantly increasing hardware costs and deployment overhead. Customization requirements for data collection and precise recreation of tunnels under construction with frequent user feedback necessitating multiple iterations also resulted in extensive man-hours and higher costs. We expect that as benchmark projects are implemented and standardization increases, customization requirements will gradually decrease, potentially reducing man-hours and improving gross profit margins for similar projects over time.

- Our gross profit for 51Earth decreased from RMB4.0 million in 2023 to RMB0.4 million in 2024 with gross profit margin decreasing from 42.8% to 10.9% during the same period. The decrease in gross profit margin was mainly due to relatively low margin contribution from a large-scale online meeting project and investments in an exploratory VR festival exhibition project that carried higher development and customization costs. This large-scale virtual meeting project was developed for a prestigious international automotive brand. The project required substantial technological investment for higher requirements of virtual reality capabilities, real-time rendering systems, cloud computing infrastructure, and performance optimization, resulting in high production costs. The festival project, delivered for a state-owned media technology company for the Year of the Dragon Temple Fair, featured a customized Metaverse showroom which the customer used to create tailored Metaverse environments for interactive and immersive virtual experiences for visitors. The contract sum for this project was RMB988,000 payable by the state-owned media technology company. In connection with this project, we also discussed and explored potential revenue sharing arrangements (i.e., collaborative digital ticket sales) with the customer as it sought to develop more consumer-facing business models. However this revenue sharing approach was ultimately not implemented due to the customer’s cost considerations and therefore generated no additional income.

Research and development expenses

Our research and development expenses decreased by 43.3% from RMB102.9 million in 2023 to RMB58.3 million in 2024. This was mainly due to a decrease in employee compensation expenses resulting from an optimization of our R&D team.

Selling expenses

Our selling expenses increased by 13.3% from RMB51.4 million in 2023 and RMB58.2 million in 2024. This was mainly due to an increase of RMB5.7 million in advertising and promotion expenses mainly attributable to us holding our seventh Earth Clone Conference in 2024 and increased traveling expenses for sales personnel.

FINANCIAL INFORMATION

General and administrative expenses

Our general and administrative expenses increased by 78.1% from RMB50.3 million in 2023 to RMB89.6 million in 2024, mainly due to an increase in [REDACTED] and expenses in relation to an ongoing arbitration against our Company. See Note 19 to the Accountants’ Report in Appendix I to this document for details.

Other net income

Our other net income decreased by 11.4% from RMB11.7 million in 2023 to RMB10.4 million in 2024, primarily attributable to a decrease in government grants, interest income and additional deductible value added tax.

Impairment losses on trade and other receivables and contract assets

Our impairment losses on trade and other receivables and contract assets increased by 123.7% from RMB9.9 million in 2023 to RMB22.2 million in 2024, primarily due to the increase in trade and other receivables following our business growth and resulting in corresponding increase in provision.

Finance costs

Our finance costs decreased by 11.2% from RMB6.3 million 2023 to RMB5.6 million in 2024, primarily attributable to a decrease in interest on lease liabilities.

Changes in carrying amount of financial instruments issued to investors

We recorded losses from changes in carrying amount of financial instruments issued to investors of RMB15.7 million in 2023, compared to nil in 2024, relating to termination of redemption rights granted to investors upon which the then carrying amount of the redemption liabilities recognized was reclassified to equity. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

Loss for the year

As a result of the foregoing, we incurred a loss of RMB79.0 million in 2024, compared to a loss of RMB87.1 million in 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 50.8% from RMB170.0 million in 2022 to RMB256.3 million in 2023, primarily attributable to the increase in revenue from 51Aes, 51Sim and 51Earth.

- Our revenue from 51Aes increased by 44.5% from RMB141.6 million in 2022 to RMB204.6 million in 2023, primarily due to (i) an integrated hardware-software system developed for Customer F, one of our top five customer in 2023, with a contract value of RMB45.7 million and income after tax deductions of RMB40.5 million, and (ii) increased customer orders and average revenue per customer driven by the growing demand from water conservation and smart cities. For details of our solutions developed for Customer F, see “Business—Our Customers.” In general, the number of 51Aes customers increased from

FINANCIAL INFORMATION

157 in 2022 to 187 in 2023. These customers primarily included third-party system integrators that embed our solutions into their offerings to cater for end users’ specific needs. In 2023, our system integrator customers were typically operators involved in managing and operating systems or platforms and leading technology companies with established presence in digital transformation projects. End users of 51Aes were typically government-related entities focused on urban management and governance, including urban management authorities and municipal planning departments. The growing demand for water conservation and smart cities solutions was primarily driven by (i) national and local policy initiatives promoting digital transformation of urban governance, including specific directives for implementing digital twin technology in city management and operations, (ii) increasing needs from government departments for data-driven decision support systems that enable real-time urban operation monitoring and precise decision-making, and (iii) requirements for enhanced interdepartmental coordination and refined management of urban infrastructure through digital means, particularly in areas such as emergency response and infrastructure maintenance. Specifically, the number of customer orders of 51WIM and 51CIM (which mainly relates to water conservation and smart city projects) increased from 100 to 105 from 2022 to 2023.

- Our revenue from 51Sim increased by 63.7% from RMB25.9 million in 2022 to RMB42.5 million in 2023, primarily due to (i) increased sales of transportation products and solutions driven by improved standardization in road and highway product system and, growing market recognition of data-driven traffic simulation software, particularly in urban road traffic and highway bridge-tunnel traffic, rapidly gaining market share and recognition from regional traffic management departments, highway operators, and system integrators; from 2022 to 2023, customers for 51TIM products increased from 7 to 15, (ii) expansion of our data closed-loop products and solutions driven by growing demand for intelligent driving simulation not only from government testing agencies, universities, and research institutions, but also from automakers requiring comprehensive simulation and data closed-loop systems to support the mass production of advanced intelligent driving technologies, and (iii) early strategic exploration in other transportation segments, which yielded initial customer acquisitions in specialized areas such as rail transit, aviation, and ports.
- Our revenue from 51Earth increased by 282.1% from RMB2.4 million in 2022 to RMB9.3 million in 2023, mainly due to increased sales of 51Earth products and services as a result of demand for certain products such as online meeting and digital exhibition halls.

Cost of sales

Our cost of sales increased by 96.9% from RMB59.6 million in 2022 to RMB117.3 million in 2023, in line with revenue from 51Aes, 51Sim and 51Earth.

- Our cost of sales for 51Aes increased by 107.8% from RMB43.6 million in 2022 to RMB90.6 million in 2023, primarily attributable to an increase in procurement of hardware components in line with an increase in revenue from solutions with a higher proportion of hardware components, which typically result in a lower profit margin. The hardware for 51Aes in 2023 primarily included high-performance servers, drones, host computers, routers, laptops, mobile phones, and electrical components for data storage,

FINANCIAL INFORMATION

monitoring, computing, network connectivity, mobile office, remote surveillance, and equipment maintenance purposes.

- Our cost of sales for 51Sim increased by 36.4% from RMB15.7 million in 2022 to RMB21.4 million in 2023, which was in line with an increase in revenue.
- Our cost of sales for 51Earth increased by 1,713.0% from RMB0.3 million in 2022 to RMB5.3 million in 2023, primarily due to increased sales of 51Earth products and services.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 25.9% from RMB110.4 million in 2022 to RMB139.0 million in 2023, and our overall gross profit margin decreased from 65.0% in 2022 to 54.2% in 2023.

- Our gross profit for 51Aes increased from RMB98.0 million in 2022 to RMB114.0 million in 2023 with gross profit margin decreasing from 69.2% to 55.7% during the same period. The decrease in gross profit margin was primarily due to the increased revenue contribution of customized solutions, particularly solutions with higher hardware content which typically carry higher associated costs, generally resulting in lower profit margin.
- Our gross profit for 51Sim increased from RMB10.3 million in 2022 to RMB21.1 million in 2023 with gross profit margin increasing from 39.6% to 49.7% during the same period. The increase in gross profit margin was mainly as a result of optimized product system, which was gaining market acceptance and demonstrating a positive development trajectory. Specifically, we achieved higher standardization levels for products serving urban road traffic management and highway, bridge-tunnel operations, which significantly contributed to our improved profit margins.
- Our gross profit for 51Earth increased from RMB2.1 million in 2022 to RMB4.0 million in 2023 with gross profit margin decreasing from 88.0% to 42.8% during the same period. The decrease in gross profit margin was primarily due to the increased revenue contribution of customized solutions, particularly solutions with higher hardware content which typically carry higher associated costs, generally resulting in lower profit margin.

Research and development expenses

Our research and development expenses decreased by 23.3% from RMB134.2 million in 2022 to RMB102.9 million in 2023. This was mainly due to a decrease in employee compensation expenses resulting from an optimization of our R&D team.

Selling expenses

Our selling expenses decreased by 11.8% from RMB58.2 million in 2022 to RMB51.4 million in 2023. This was mainly due to a decrease in employee compensation expenses, resulting from the optimization of our sales team and their compensation structure.

General and administrative expenses

Our general and administrative expenses decreased by 6.9% from RMB54.1 million in 2022 to RMB50.3 million in 2023, mainly as a result of a decrease in employee compensation expenses due to an optimization of our administrative team.

FINANCIAL INFORMATION

Other net income

Our other net income decreased by 3.4% from RMB12.1 million in 2022 to RMB11.7 million in 2023, primarily attributable to a decrease in interest yield from bank deposit products.

Impairment losses on trade and other receivables and contract assets

Our impairment losses on trade and other receivables and contract assets increased by 136.7% from RMB4.2 million in 2022 to RMB9.9 million in 2023, primarily due to an increase in the trade and other receivables.

Finance costs

Our finance costs increased by 59.7% from RMB3.9 million in 2022 to RMB6.3 million in 2023, primarily attributable to an increase in bank loans.

Changes in carrying amount of financial instruments issued to investors

The loss in carrying amount of financial instruments issued to investors decreased by 72.7% from RMB57.4 million in 2022 to RMB15.7 million in 2023, relating to changes in the carrying amount of the redemption rights granted to investors in historical financings. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

Loss for the year

As a result of the foregoing, we incurred a loss of RMB87.1 million in 2023, compared to a loss of RMB189.8 million in 2022.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,		As of June 30,		As of
	2022	2023	2024	2025	October 31,
	(in RMB thousands)				2025
					(unaudited)
Current assets					
Inventories	78,954	19,629	22,819	29,475	39,601
Contract assets	6,715	8,026	11,538	10,180	5,054
Trade and other receivables	76,254	107,849	194,898	140,588	168,713
Prepayments	3,083	2,560	60,060	65,589	64,690
Other financial assets	—	88,000	77,565	48,875	50,083
Restricted cash	9,699	3,100	23,270	23,317	202
Cash and cash equivalents	78,911	40,326	134,462	166,233	105,331
Total current assets	253,616	269,490	524,612	484,257	433,674
Current liabilities					
Trade and other payables	127,747	93,295	182,114	154,060	139,362
Contract liabilities	111,345	26,490	25,537	34,469	44,228
Bank and other loans	92,939	118,662	149,043	211,228	222,305
Lease liabilities	14,913	12,265	12,595	11,268	10,233
Financial instruments issued to investors	1,056,739	—	—	—	—
Income tax payable	—	50	1,508	1,465	1,440
Total current liabilities	1,403,683	250,762	370,797	412,490	417,568
Net current (liabilities)/assets	(1,150,067)	18,728	153,815	71,767	16,106

We recorded net current assets of RMB18.7 million as of December 31, 2023, as compared to net current liabilities of RMB1,150.1 million as of December 31, 2022, primarily due to termination of redemption rights granted to investors upon which the then carrying amount of the redemption liabilities recognized was reclassified to equity. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

Our net current assets increased from RMB18.7 million as of December 31, 2023 to RMB153.8 million as of December 31, 2024, primarily due to (i) the increase of RMB94.1 million in cash and cash equivalents primarily attributable to funds from our Series F financing, and (ii) the increase in trade and other receivables of RMB87.0 million as most of the projects were completed in December 2024, with payment collection scheduled for 2025.

Our net current assets decreased from RMB153.8 million as of December 31, 2024 to RMB71.8 million as of June 30, 2025, primarily due to (i) an increase of RMB62.2 million in bank and other loans, (ii) a decrease of RMB54.3 million in trade and other receivables, primarily due to our collection efforts and improved receivables management, partially offset by (iii) an increase of RMB31.8 million in cash and cash equivalents, and (iv) a decrease of RMB28.1 million in trade and other payables, primarily due to settlement of outstanding obligations to suppliers.

Our net current assets decreased from RMB71.8 million as of June 30, 2025 to RMB16.1 million as of October 31, 2025, primarily due to (i) a decrease of RMB60.9 million in cash and cash equivalents, primarily due to settlement of outstanding obligations and operating

FINANCIAL INFORMATION

expenditures, (ii) a decrease of RMB23.1 million in restricted cash, (iii) an increase of RMB11.1 million in bank and other loans, and (iv) an increase of RMB9.8 million in contract liabilities due to advances received from customers, partially offset by (v) an increase of RMB28.1 million in trade and other receivables as a result of project deliveries pending collection, and (vi) a decrease of RMB14.7 million in trade and other payables due to settlement of outstanding obligations to suppliers.

The following table sets forth the breakdown of our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Non-current assets				
Property and equipment	9,062	6,566	3,852	2,904
Right-of-use assets	49,347	32,378	19,420	14,097
Intangible assets	1,759	2,616	1,784	3,081
Interest in associates	3,751	2,494	1,869	1,415
Other financial assets	186,807	61,144	40,000	40,000
Prepayments ⁽¹⁾	—	—	42,680	36,000
Financial assets measured at fair value through profit or loss (“FVPL”)	—	—	—	15,000
Total non-current assets	250,726	105,198	109,605	112,497
Non-current liabilities				
Lease liabilities	36,285	20,847	8,512	4,316
Total non-current liabilities	36,285	20,847	8,512	4,316
Net (liabilities) / assets	(935,626)	103,079	254,908	179,948
Non-Controlling interests	55	4,348	11,016	8,138

Note:

(1) The non-current prepayments as of December 31, 2024 and June 30, 2025 represent the deposit paid to acquire a building that is currently leased by our Group as office. For details, see “Business—Properties—Lease Properties—Property to be acquired.”

Inventories

Our inventories primarily comprise purchased hardware and software and contract fulfilment cost. Contract fulfillment costs represent the costs incurred to fulfill the obligations under our sales contracts when and after the contracts are entered into, but before the service thereunder is delivered to customers. Such costs primarily consist of employee benefit expenses and technology service fees that are necessary to perform the contracts, which will be recognized to cost of sales mainly within the same month when our related performance obligations are satisfied and upon which the related contract revenue is recognized. During the Track Record Period, all contract fulfillment costs were expensed as incurred. Our products and solutions are mainly offered on a project-by-project basis and therefore our procurement in each period during the Track Record Period may vary based on specific conditions and requirements of projects ongoing at the time. As a result, we adopt a practical and project-driven approach when deciding between external procurement and in-house development, where applicable. The decision-making process starts with our engineering center assessing development requirements based on project requirements, scale and complexity. Followed by this, our sales team then assess development time-frame with customer delivery expectations. When our internal timeframes can satisfy customer needs, we generally proceed using our own resources. However, if estimated timeframes exceed customer requirements, we may first attempt to

FINANCIAL INFORMATION

optimize internal resources before engaging external suppliers. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Inventories				
Purchased hardware and software	60,785	9,403	11,742	11,996
Contract fulfilment cost	19,578	12,684	14,014	20,606
Less: write down of inventories	(1,409)	(2,458)	(2,937)	(3,127)
Total	78,954	19,629	22,819	29,475

Our inventories decreased from RMB79.0 million as of December 31, 2022 to RMB19.6 million as of December 31, 2023, primarily because we had some large orders scheduled for 2022, which resulted in higher inventory levels as of December 31, 2022. These large orders included a major integrated cloud-network resource platform and a digital twin project for rural revitalization in Hebei province. These orders were completed and delivered in 2023, which resulted in lower inventory levels as of December 31, 2023. Our inventories remained relatively stable at RMB19.6 million as of December 31, 2023 and RMB22.8 million as of December 31, 2024. Our inventories increased from RMB22.8 million as of December 31, 2024 to RMB29.5 million as of June 30, 2025, which was generally in line with the growth of our business.

The following is an aging analysis of our inventories as of the dates indicated

	As of December 31			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Inventories				
Within 1 year	61,302	4,347	13,678	15,783
1 to 2 years	8,460	6,062	3,933	6,586
2 to 3 years	6,518	1,838	1,957	2,774
3 to 4 years	2,674	5,466	613	1,799
Over 4 years	—	1,916	2,638	2,533
Total	78,954	19,629	22,819	29,475

Our inventories aged within one year decreased significantly from RMB61.3 million as of December 31, 2022 to RMB4.3 million as of December 31, 2023, primarily due to the delivery and acceptance of projects throughout 2023. Our inventories aged within one year increased further increased to RMB13.7 million as of December 31, 2024 and RMB15.8 million as of June 30, 2025, primarily due to a substantial increase in the number of projects we secured during the year and addition of new customers. Our inventories aged one to three years decreased from RMB15.0 million as of December 31, 2022 to RMB7.9 million as of December 31, 2023, primarily due to delivery and acceptance of certain long-term projects and our enhanced efforts in project management and delivery. Inventories aged over three years increased from RMB2.7 million as of December 31, 2022 to RMB7.4 million as of December 31, 2023 and from RMB3.3 million as of December 31, 2024 to RMB4.3 million as of June 30, 2025, primarily due to certain projects experiencing delayed acceptance from customers due to their internal approval processes, project complexity and/or their financial constraints. Inventories aged over three years decreased from RMB7.4 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, primarily due to successful completion and acceptance of several delayed projects.

FINANCIAL INFORMATION

We formulate the impairment provision policy according to the IAS 2 Inventories. If the cost of inventories may not be recoverable, the amount of inventories will be written down below cost to net realizable value. The remaining inventories shall be measured based on the lower of the net realizable value and the cost and the amounts of the cost excess net realizable value shall be recognized as write-down of inventory. Our provision for impairment of inventories amounted to RMB1.4 million, RMB2.5 million, RMB2.9 million and RMB3.1 million as of December 31, 2022, 2023 and 2024 and as of June 30, 2025, respectively. We implement a project-based procurement strategy where hardware and software are purchased based on specific project requirements and contractual milestones. This approach helps minimize inventory holding risks and ensures alignment with project delivery schedules. For contract fulfillment costs, these are recognized in line with project progress and customer acceptance timelines. As a result, our Directors believe that our inventories as a whole are not subject to significant impairment losses. During the Track Record Period, we had not encountered any impairment losses that have materially and adversely affected our business operations.

Our Directors believe that there is no material recoverability issue for inventories based on the following reasons: (i) our management is of the view that the risk of failure to satisfy our related performance obligations is remote considering our track record of successful project delivery and acceptance and revenue growth during the Track Record Period, (ii) our customer credit quality remains considering that a majority of our customers or end-users are large enterprises or state-owned entities with financial positions and our historical collection track record shows minimal bad debt provisions, (iii) we have a project-based procurement approach which minimizes speculative inventory build-up and our management also reviews the recoverability of our inventories as of the end of each reporting period to ensure that adequate provisions are made for irrecoverable amounts, and (iv) there has been demonstrated improvement in aged inventory management with over-3-year inventories decreasing from RMB7.4 million in 2023 to RMB3.3 million in 2024.

The following table sets forth our inventories turnover days for the periods indicated:

	For the Year Ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Inventories turnover days ⁽¹⁾	364	161	62	357	167

Note:

(1) Calculated as the average of beginning and ending balance of inventories (excluding provision for impairment of inventories) for the period divided by cost of sales (excluding inventory provision) for that period and multiplied by the number of days during such period.

Our inventory turnover days decreased from 364 days in 2022 to 161 days in 2023. Such decrease was primarily attributable to large orders scheduled for 2022, which resulted in longer inventory turnover days for that year, followed by orders being completed and delivered in 2023, resulting in lower inventory turnover days for 2023. Our inventory turnover days reached 62 days in 2024 primarily due to the completion and delivery of a major Smart Village project in Beijing’s Changping district resulting in a substantial portion of our inventory being recognized as cost of sales during the period. Our inventory turnover days was relatively higher at 357 days and 167 days for the six months ended June 30, 2024 and 2025, reflecting the typical project acceptance cycle of our customers, where inspections and final acceptance of products and solutions predominantly occur in the fourth quarter. Consequently, inventory accumulates during the first half of the year.

As of October 31, 2025, RMB6.0 million, or 20.3% of our inventories as of June 30, 2025 had been subsequently consumed or sold.

FINANCIAL INFORMATION

Trade and other receivables

Our trade and other receivables mainly represent trade receivables. The following table sets forth details of our trade and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Trade and other receivables				
Trade receivables — due from third parties	65,924	96,780	177,931	128,456
Trade receivables — due from an associate	—	3,553	1,758	2,498
Bills receivables	2,797	1,817	6,353	1,096
Deposits	3,588	2,913	2,618	2,526
Input VAT recoverable	2,781	1,541	1,381	2,038
Receivables arising from disposal of NCI	—	—	4,000	2,650
Other receivables	1,164	1,245	857	1,324
Total	76,254	107,849	194,898	140,588

Our trade and other receivables increased from RMB76.3 million as of December 31, 2022 to RMB107.8 million as of December 31, 2023. Our trade and other receivables increased from RMB107.8 million as of December 31, 2023 to RMB194.9 million as of December 31, 2024, primarily attributable to higher revenue recognition toward the end of the 2024, which was in line with our growing revenues. Our trade and other receivables decreased from RMB194.9 million as of December 31, 2024 to RMB140.6 million as of June 30, 2025, as we generally recorded higher revenues in the fourth quarter compared to other quarters of the years, which resulted in higher trade and other receivables at year end as compared to June 30, 2025.

The following table sets forth a breakdown of the gross carrying amount of trade receivables by customer sector as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Private sector	45,463	79,212	168,781	133,543
Public sector	25,510	35,276	45,237	33,610
Total trade receivables	70,973	114,488	214,018	167,153

The following table sets forth a breakdown of the gross carrying amount of trade receivables by type of customer as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
End user	26,448	27,485	87,145	67,152
System integrator	44,525	87,003	126,873	100,001
- Public sector	14,131	20,470	28,062	23,217
- Private sector	30,394	66,533	98,811	76,784
Total trade receivables	70,973	114,488	214,018	167,153

FINANCIAL INFORMATION

The following is an aging analysis of our trade receivables as of the dates indicated, based on the date of revenue recognition and net of loss allowance.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Trade receivables				
Within 1 year	49,097	75,324	129,736	91,332
1 to 2 years	12,764	20,327	41,154	32,201
2 to 3 years	4,063	4,682	8,799	7,421
Total	65,924	100,333	179,689	130,954

Our trade receivables are primarily aged within one year, which indicates short-term recoverability. We had an increase of trade receivables during from 2022 to 2024 mainly due to an increase of our trade receivables within one year in line with our business expansion. Our trade receivables aged over one year has increased during the Track Record Period, primarily because (i) the payment process of certain customers, especially state-owned enterprises, are subject to the influence of various factors, including complex internal approval processes and strict financial budget constraints; (ii) our products and solutions are typically integrated into broader systems architecture maintained by system integrators, which ultimately connects to end users’ internal operational systems. As a result, customer’s settlement with the Company often takes place after overall project completion and system integration, which naturally extends accounts receivable settlement time; and (iii) macroeconomic conditions in recent years have subjected certain customers to liquidity constraints and industry cyclical downturns, resulting in extended payment timeframe despite successful project delivery and formal acceptance.

We typically set forth the credit terms with our customers in the relevant sales contracts. During the Track Record Period, we believe that we have implemented effective credit management system and policies. We normally provide our customers with a credit term within 180 days subject to the creditworthiness of the relevant customers according to our customer credit management system.

The following table sets forth our trade and bill receivables turnover days for the periods indicated:

	For the Year Ended December 31,			For the six months ended June 30	
	2022	2023	2024	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	141	135	214	606	650

Note:

(1) Calculated as the average of beginning and ending balance of trade and bill receivables (excluding loss allowance for trade receivables) for the year divided by revenue for that period and multiplied by the number of days during such period.

Our primarily trade and bills receivables turnover days were 141 days, 135 days and 214 days in 2022, 2023 and 2024, respectively. Our trade and bills receivables turnover days decreased from 2022 to 2023 due to our enhanced collection efforts. Our trade and bills receivables turnover days increased from 2023 to 2024, due to an increase of RMB54.5 million of our trade and bills receivables aged within one year as of December 31, 2024 as a result of revenue recognized in the fourth quarter of 2024 driving an overall increase in trade and bills receivables as of the same date. We had relatively long turnover days for the six months ended June 30, 2025, as we typically recorded lower revenues for the first six months of the years, reflecting the typical project acceptance cycle of our customers,

FINANCIAL INFORMATION

where inspections and final acceptance of products and solutions predominantly occur in the fourth quarter.

As of October 31, 2025, RMB26.9 million, or 16.1% of our trade and other receivables as of June 30, 2025 had been settled.

We measure loss allowance for trade receivables at an amount equal to lifetime Expected Credit Losses (ECLs), which is calculated using a provision matrix. Expected loss rates are based on actual loss experience over the past four years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the trade receivables. As of December 31, 2022, 2023 and 2024 and as of June 30, 2025, we recorded loss allowance for impairment of trade receivables of RMB5.0 million, RMB14.2 million, RMB34.3 million and RMB36.2 million, respectively. For details of our impairment analysis for trade receivables, including our credit risk exposure on trade receivables using a provision matrix, see Note 26(a) to the Accountants’ Report in Appendix I to this document.

In order to mitigate the credit risk, a variety of measures have been implemented. We determine and update credit periods for customers based on their credit profiles. Designated personnel are responsible for closely monitoring overdue payments. Our finance and business departments are also synchronized on a monthly basis regarding overdue payments to ensure that recovery efforts are initiated in a timely manner. If the outstanding payments remain overdue for more than 90 days, our legal department may take necessary legal actions as the case may be. If payments remain overdue for more than six months, a formal legal notice is issued to the client, reiterating their contractual obligations and outlining the potential legal consequences, while simultaneously initiating pre-litigation preparations. In cases where payments exceed nine months overdue, the legal department proceeds with formal litigation to enforce payment recovery and safeguard the company’s legal and financial interests. To support such a structured collection process with clear timelines and escalation procedures for overdue payments, we have implemented a collection management framework which (i) provides an overview of outstanding payments of customers, (ii) allows relevant employees to track the detailed collection process for each contract, and (iii) monitors the achievements of collection of outstanding payments which we have included as an important performance indicator of our sales personnel. This framework enhances our management of receivables and enables our employees to execute targeted collection strategies efficiently.

Our Directors do not anticipate to have any material recoverability issue with trade receivables primarily because (i) we assess our customers’ credit quality carefully and regularly, taking into account their business background, the general risks associated with their industries, their financial position, past experience and other factors; (ii) our trade receivables are typically due from a selected group of customers with good credit profiles; (iii) our long-aging trade receivables were primarily due from state-owned enterprises and reputable private enterprises with good credit records; (iv) the subsequent settlement of trade receivables as of June 30, 2025 for each of three years ended December 31, 2022, 2023 and 2024 in the amount of approximately RMB47.1 million, RMB45.6 million and RMB83.5 million, respectively, representing approximately 66.4%, 39.9% and 39.0% of the total net trade receivables for the corresponding period, (v) we have not experienced any material recoverability issues for our trade receivables throughout the Track Record Period; (vi) we have dedicated internal teams which are responsible for close and regular monitoring of the credit profiles, operating and financial conditions of our customers and taking appropriate proactive follow-up actions to ensure the

FINANCIAL INFORMATION

customers’ payments are made as scheduled; (vii) we also closely monitor the recoverability status of trade receivables, especially for those long-aging trade receivables, and enhance our collection efforts as appropriate; (viii) as discussed above, the increase of our trade receivables aged over one year was primarily due to our business expansion and the temporary impact of the macroeconomic conditions on short-term liquidity and payment schedule of certain customers, which do not indicate any systematic recoverability issues and (ix) many of our customers and end users still maintain dependence on our continuous technical expertise and responsive support services even after delivery and acceptance. Additionally, we believe adequate credit loss allowances have been made to appropriately reflect the recoverability issues identified, as (i) we made credit loss allowances primarily based on the results of our comprehensive impairment assessment as performed on each reporting date (which takes into account the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables), and (ii) we made credit loss allowances individually once any recoverability issues with particular customers were identified.

Other financial assets

Our other financial assets primarily represent certificates of deposit, bank structured deposits and fixed deposits. The certificates of deposit have fixed interest rates. The structured deposits have floating interest rates. The fixed deposits bear an annual interest rate of 2.7%-3.98% and are due in December 2027.

Our other financial assets decreased from RMB186.8 million as of December 31, 2022 to RMB149.1 million as of December 31, 2023, and further to RMB117.6 million as of December 31, 2024 and RMB88.9 million as of June 30, 2025, primarily due to the decrease in certificates of deposit.

The fair value of our financial instruments measured at the end of each reporting period on a recurring basis are categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The fair value measurement of the bank structured deposits falls into level 3 of the fair value hierarchy. See Note 26(e) to the Accountants’ Report in Appendix I to this document.

We have established comprehensive investment management measures to enhance our investment effectiveness and control risks. These measures include both short-term and long-term investments, with investments being categorized based on their duration and liquidity. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment, and the expected returns and potential risks of such investment.

Our Board maintains oversight of our investment activities through regular reviews and approvals of significant investment decisions. According to our investment management measures, investments exceeding certain thresholds require Board approval, while smaller investments may be approved by relevant management departments within authorized limits. The investment department is responsible for organizing project reviews, conducting feasibility studies, managing project implementations, and maintaining records of investment projects. The finance department handles economic and financial analysis, payment of investment funds, financial oversight, and post-evaluation of investment projects. The internal audit department performs periodic audits and inspections are conducted to ensure compliance and accuracy in accounting practices. As the lead department for

FINANCIAL INFORMATION

fixed-income investments, our finance department consists of eight professionals, including our CFO, and is primarily comprised of finance managers, accountants, tax specialists, and treasury staff, which possesses extensive industry experience with an average of over 13 years of working experience.

After [REDACTED], we intend to continue our investments in the financial assets strictly in accordance with our internal policies and measures. Our investment in these financial assets after [REDACTED] will be subject to compliance with Chapter 14 of the Listing Rules.

Trade and other payables

Our trade and other payables primarily represent trade payables, staff cost payables and bills payable. The following table sets forth details of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Trade and other payables				
Trade payables	50,923	28,533	73,650	51,044
Bills payable	1,963	4,911	3,469	952
Staff cost payables	59,144	42,968	49,335	53,446
Other taxes payables	9,490	9,491	18,656	14,246
Deposits	105	—	—	—
Amounts due to a shareholder	4,173	4,405	—	—
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	1,930	2,925	26,556	23,723
Provision ⁽¹⁾	19	62	7,007	7,007
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The increase in as of December 31, 2024 and June 30, 2025 represents provision recognized for an ongoing arbitration against our Company. See Note 19 to the Accountants’ Report in Appendix I to this document for details.

Our trade and other payables was relatively higher as of December 31, 2022 primarily due to higher software and hardware procurement needs driven by larger customer orders in 2022. Our trade and other payables increased from RMB93.3 million as of December 31, 2023 to RMB182.1 million as of December 31, 2024, primarily due to the increase in trade payables recognized toward the end of 2024 in conjunction with our revenue, while supplier payment terms extend beyond the revenue recognition date. Our trade and other payables decreased from RMB182.1 million as of December 31, 2024 to RMB154.1 million as of June 30, 2025, primarily due to settlement of trade payables in the first half of 2025.

As of October 31, 2025, RMB12.5 million, or 25.2% of our trade and other payables as of June 30, 2025 had been settled.

FINANCIAL INFORMATION

The following is an aging analysis of our trade payables, based on invoice date, as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	(in RMB thousands)			2025
Trade payables				
Within 1 year	48,995	17,773	57,510	35,094
1 to 2 years	772	9,253	5,609	6,454
2 to 3 years	1,156	1,507	10,531	9,496
Total	50,923	28,533	73,650	51,044

Our suppliers typically provide us with a credit term of 3 to 12 months. As of the Latest Practicable Date, the Directors are not aware of any breach of credit term with suppliers.

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	For the Year Ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Trade and bills payables turnover days ⁽¹⁾	244	134	144	304	367

Note:

(1) Calculated as the average of beginning and ending balance of trade and bills payables for the period divided by cost of sales for that period and multiplied by the number of days during such period.

Our trade and bills payables turnover days were 244 days, 134 days, 144 days and 304 days and 367 days in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The relatively high trade and bills turnover days in 2022 was primarily due to trade payables associated with an integrated cloud-network resource platform in Shenzhen which were subsequently settled in 2023. The relatively high turnover days for the six months ended June 30, 2024 and 2025 mainly reflected the seasonal nature of our business, where we typically recorded lower cost of sales in the first half of the years.

Contract liabilities

Our contract liabilities primarily represent the advance payments received from our customers before revenue recognition. These will be recognized as revenue when our products or services are delivered, inspected and accepted by customers, which is expected to occur over the following year. Our contract liabilities decreased from RMB111.3 million as of December 31, 2022 to RMB26.5 million as of December 31, 2023, primarily as we recognized revenue for certain large projects in 2023. Our contract liabilities remained relatively stable at RMB26.5 million as of December 31, 2023 and RMB25.5 million as of December 31, 2024. Our contract liabilities increased from RMB25.5 million as of December 31, 2024 to RMB34.5 million as of June 30, 2025, primarily due to advance payments received for new projects contracted during the first half of 2025.

As of October 31, 2025, RMB2.7 million, or 7.8% of our contract liabilities as of June 30, 2025 had been settled.

FINANCIAL INFORMATION

Right-of-use assets

Our right-of-use assets represent the leased office premises. The addition of right-of-use assets during the Track Record Period represent the capitalised lease payments payable under new tenancy agreements. Our right-of-use assets decreased from RMB49.3 million as of December 31, 2022 to RMB32.4 million as of December 31, 2023, and further to RMB19.4 million as of December 31, 2024, primarily due to a reduction in the lease amount for our Beijing office and the reduction of leased office space for our Shenzhen office. Our right-of-use assets further decreased to RMB14.1 million as of June 30, 2025, primarily due to reduction of rental space in Nanjing and ordinary decrease over time during the lease period.

Impairment of non-financial assets

We assess whether there are any indicators of impairment for non-financial assets, including property and equipment, right-of-use assets and intangible assets at the end of each reporting period. These non-financial assets are tested for impairment when there are indications that their carrying amounts may not be fully recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset or CGU. As of December 31 2022, 2023 and 2024 and as of June 30, 2025, we did not recognize any impairments of non-financial assets.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates/for the periods indicated:

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin (%) ⁽¹⁾	65.0	54.2	51.1	41.1
Current ratio ⁽²⁾	0.18	1.07	1.41	1.17
Quick ratio ⁽³⁾	0.12	1.00	1.35	1.10

Notes:

(1) Gross profit margin is calculated by dividing gross profit by our revenue for the period indicated.

(2) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

(3) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the date indicated.

Gross profit margin

See “—Period to Period Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current ratio

Our current ratio changed from 0.18 as of December 31, 2022 to 1.07 as of December 31, 2023, 1.41 as of December 31, 2024 and 1.17 as of June 30, 2025, primarily due to changes in the current liabilities recorded as of December 31, 2022 in relation to the redemption rights granted to our investors.

FINANCIAL INFORMATION

Quick ratio

Our quick ratio changed from 0.12 as of December 31, 2022 to 1.00 as of December 31, 2023, 1.35 as of December 31, 2024 and 1.10 as of June 30, 2025, primarily due to changes in the current liabilities recorded as of December 31, 2022 in relation to the redemption rights granted to our investors.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our working capital primarily from equity financing and external indebtedness as we are at the ramp-up stage. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, equity financing from time to time and the [REDACTED] received from the [REDACTED]. We currently do not have any other plans for material additional external financing.

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities and [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements, that is at least 12 months from the date of this document.

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had cash and cash equivalents of RMB78.9 million, RMB40.3 million, RMB134.5 million and RMB166.2 million, respectively, restricted cash of RMB9.7 million, RMB3.1 million, RMB23.3 million and RMB23.3 million, respectively, and other financial assets of RMB186.8 million, RMB149.1 million, RMB117.6 million and RMB88.9 million, respectively. Other financial assets primarily represent certificates of deposits, fixed deposits and bank structured deposits.

The following table sets forth a summary of our cash flows for the years/periods indicated.

	For the Year Ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands)			(unaudited)	
Net cash used in operating activities	(104,285)	(132,879)	(114,273)	(49,989)	(41,697)
Net cash (used in)/generated from investing activities . . .	(58,724)	37,559	(8,993)	73,790	20,924
Net cash generated from financing activities	64,969	56,704	217,391	207,605	52,533
Net (decrease)/increase in cash and cash equivalents	(98,040)	(38,616)	94,125	231,406	31,760
Cash and cash equivalents at the beginning of the year/period	176,941	78,911	40,326	40,326	134,462
Effect of foreign exchange rate changes	10	31	11	6	11
Cash and cash equivalents at the end of year/period . .	78,911	40,326	134,462	271,738	166,233

Net cash used in operating activities

Net cash used in operating activities for the six months ended June 30, 2025 was RMB41.7 million. The difference between net cash used in operating activities and the loss before

FINANCIAL INFORMATION

income tax of RMB94.0 million was the result of (i) a decrease in trade and other receivables and prepayments of RMB42.5 million, partially offset by (ii) a decrease in trade and other payables of RMB28.1 million.

Net cash used in operating activities in 2024 was RMB114.3 million. The difference between net cash used in operating activities and the loss before income tax of RMB77.5 million was the result of (i) a increase in trade and other receivables and prepayments of RMB161.7 million, (ii) a increase in restricted cash of RMB20.2 million, and (iii) a increase in contracts assets of RMB4.6 million, partially offset by an increase of RMB90.3 million in trade and other payables.

Net cash used in operating activities in 2023 was RMB132.9 million. The difference between net cash used in operating activities and the loss before income tax of RMB87.0 million was the result of (i) a decrease in contract liabilities of RMB84.9 million, (ii) a decrease in trade and other payables of RMB34.4 million, and (iii) an increase in trade and other receivables and prepayments of RMB40.5 million, partially offset by a decrease in inventories of RMB59.3 million.

Net cash used in operating activities in 2022 was RMB104.3 million. The difference between net cash used in operating activities and the loss before income tax of RMB189.8 million was the result of (i) an increase in trade and other payables of RMB41.3 million, and (ii) an increase in contract liabilities of RMB36.4 million, partially offset by an increase in inventories of RMB40.7 million and an increase in trade and other receivables and prepayments of RMB19.0 million.

Our ability to improve our net operating cash flow is largely depending on our ability to improve profitability. In this regard, we plan to improve our net operating cash outflow positions by (i) enriching our business models, products and solutions, (ii) expanding customer base, and (iii) enhancing our operational efficiency. For details of our plan to improve our financial performance, see “Business-Path to Profitability.” With our improving profitability, we also expect our operating cash flow to improve concurrently. Moreover, we plan to enhance our working capital management efficiency to improve our net operating cash outflow positions: We plan to enhance our management of trade receivables by implementing a structured collection process with clear timelines and escalation procedures for overdue payments. We will strengthen our contract management with clearer payment terms and credit control measures, while increasing emphasis on receivables collection in our sales team performance evaluation. We also plan to continually monitor the credit profiles and operating and financial conditions of our customers and proactively follow up to ensure payments as scheduled. We intend to optimize our cost structure by improving procurement efficiency through negotiating more favourable terms with suppliers via bulk purchases and long-term cooperation. We will implement stricter control over non-essential operating expenses such as travel and office expenses, and defer non-urgent capital expenditures based on careful evaluation. As we scale up, we expect to enjoy economies of scale which will further improve our cost efficiency and net operating cash outflow positions. That being said, as our future profitability is subject to various factors, we may continue to incur net losses and net operating cash outflow in the near future, including the year ending December 31, 2025.

Net cash generated from / (used in) investing activities

Net cash generated from investing activities for the six months ended June 30, 2025 was RMB20.9 million, primarily due to proceeds from disposal of other financial assets of RMB276.8 million, partially offset by payment for purchase of other financial assets of RMB249.8 million.

FINANCIAL INFORMATION

Net cash used in investing activities in 2024 was RMB9.0 million, primarily due to proceeds from disposal of other financial assets of RMB374.0 million, partially offset by payment for purchase of other financial assets of RMB346.4 million.

Net cash generated from investing activities in 2023 was RMB37.6 million, primarily due to proceeds from disposal of other financial assets of RMB80.0 million, partially offset by payment for purchase of other financial assets of RMB42.9 million.

Net cash used in investing activities in 2022 was RMB58.7 million, primarily due to payment for purchase of other financial assets of RMB60.0 million.

Net cash generated from financing activities

Net cash generated from financing activities for the six months ended June 30, 2025 was RMB52.5 million, primarily due to proceeds from bank and other loans of RMB157.2 million, partially offset by repayment of bank and other loans of RMB95.0 million.

Net cash generated from financing activities in 2024 was RMB217.4 million, primarily due to (i) proceeds from shares issued of RMB200.0 million and (ii) proceeds from bank and other loans of RMB184.6 million, partially offset by repayment of bank and other loans of RMB154.3 million.

Net cash generated from financing activities in 2023 was RMB56.7 million, primarily due to proceeds from bank and other loans of RMB144.2 million, partially offset by repayment of bank and other loans of RMB118.5 million.

Net cash generated from financing activities in 2022 was RMB65.0 million, primarily due to proceeds from bank and other loans of RMB92.9 million, partially offset by repayment of bank and other loans of RMB20.9 million and capital element of lease rentals paid of RMB11.6 million.

Cash Operating Costs

The following table sets forth key information relating to our cash operating costs for the years and periods indicated.

	For the Year ended December 31,			For the six months ended	
	2022	2023	2024	2024	2025
	(in RMB thousands)				
Workforce employment ⁽¹⁾	204,792	160,968	130,648	71,309	80,500
Research and development expenses ⁽²⁾	21,469	20,889	15,036	4,849	9,917
Direct production costs, including materials ⁽³⁾	33,038	77,099	101,791	3,647	22,301
Product marketing ⁽⁴⁾	8,258	11,109	18,496	3,758	12,035
Non-income taxes and other charges ⁽⁵⁾	11,962	11,625	34,924	9,047	15,251

Notes:

- (1) Workforce employment represents total compensation expenses for all personnel employed by the Company.
- (2) Research and development expenses under cash operating costs represent research and development expenses (excluding employee compensation expenses and depreciation and amortization under research and development expenses).
- (3) Direct production costs, including materials, represent purchased software and hardware equipment related to project costs.
- (4) Cash operating costs relating to product marketing represent the selling expenses (excluding employee compensation expenses and depreciation and amortization under selling expenses).
- (5) Non-income taxes and other charges represent all other expenses not included in the categories above.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	(in RMB thousands)				(unaudited)
Non-current:					
Lease liabilities	36,285	20,847	8,512	4,316	1,568
Subtotal	36,285	20,847	8,512	4,316	1,568
Current:					
Bank and other loans	92,939	118,662	149,043	211,228	222,305
Lease liabilities	14,913	12,265	12,595	11,268	10,233
Financial instruments issued to investors	1,056,739	—	—	—	—
Subtotal	1,164,591	130,927	161,638	222,496	232,538
Total	1,200,876	151,774	170,150	226,812	234,106

Bank and other loans

Our bank and other loans primarily represent unsecured bank loans. The effective interest rate of our interest-bearing bank loans was 3.4%.

We had bank and other loans of RMB92.9 million, RMB118.7 million, RMB149.0 million, RMB211.2 million, RMB222.3 million as of December 31, 2022, 2023 and 2024, June 30, 2025 and October 31, 2025, respectively, and all of which were repayable within one year. Such bank and other loans were primarily secured for working capital purposes, such as relating to the procurement of software, hardware and cloud resources to fulfill our projects and customer orders. As of the June 30, 2025, we had committed unutilized banking facilities of RMB161.2 million.

Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans in China.

Lease Liabilities

The following table sets forth the remaining contractual maturities of our lease liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	(in RMB thousands)				(unaudited)
Within one year	14,913	12,265	12,595	11,268	10,233
1 to 2 years	12,282	11,983	8,512	4,316	1,568
2 to 5 years	24,003	8,864	—	—	—
Total lease liabilities	51,198	33,112	21,107	15,584	11,801

Financial instruments issued to investors

We recorded financial instruments issued to investors of RMB1,056.7 million, nil, nil, nil and nil as of December 31, 2022, 2023, 2024, June 30, 2025 and October 31, 2025, respectively. The

FINANCIAL INFORMATION

financial instruments issued to investors related to the redemption rights granted to our investors in historical financings. See Note 22 to the Accountants’ Report in Appendix I to this document for details.

Indebtedness Statement

Except as disclosed above, as of October 31, 2025, being the most recent 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 other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since October 31, 2025 and up to the Latest Practicable Date. Our Directors have confirmed that there were no material covenants on any of our outstanding debts and that we had no default in repayment or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Our Directors have further confirmed that we did not experience any difficulty in obtaining bank loans and other borrowings, default in repayment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024, June 30, 2025 and October 31, 2025, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since, October 31, 2025 and up to the Latest Practicable Date.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D expenses adjusted by adding back intangible assets acquired from third parties and capitalized and deducting amortization expenses for capitalized intangible assets included in R&D expenditure. The table below sets forth our annual and total R&D expenditure for the years indicated:

	Year ended December 31,			Six months ended
	2022	2023	2024	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2025
				(RMB'000)
Research and development expenses	134,206	102,907	58,312	30,137
Adjustments:				
Add: Intangible assets acquired from third parties and capitalized	102	2,038	—	1,755
Less: Amortization expenses of capitalized intangible assets included in R&D expenditure	(1,811)	(1,181)	(832)	(458)
Annual/Semi-annual R&D expenditure	<u>132,497</u>	<u>103,764</u>	<u>57,480</u>	<u>31,434</u>
Total R&D expenditure for the three and a half financial years prior to [REDACTED]				<u>325,175</u>

FINANCIAL INFORMATION

The table below sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,			Six months ended
	2022	2023	2024	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2025
				(RMB'000)
Research and development expenses	134,206	102,907	58,312	30,137
General and administrative expenses	54,058	50,332	89,597	46,084
Selling expenses	58,217	51,352	58,195	34,255
Adjustments:				
Add: Intangible assets acquired from third parties and capitalized	102	2,038	—	1,755
Less: Amortization expenses of capitalized intangible assets included in R&D expenditure	(1,811)	(1,181)	(832)	(458)
Annual/Semi-annual total operating expenditure	<u>244,772</u>	<u>205,448</u>	<u>205,272</u>	<u>111,773</u>
Total operating expenditure for the three and a half financial years prior to [REDACTED]				<u>767,265</u>

The table below sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years indicated:

	Year ended December 31,			Six months ended
	2022	2023	2024	June 30,
				2025
				(RMB'000)
Annual R&D expenditure ratio⁽¹⁾	54.1%	50.5%	28.0%	28.1%
Total R&D expenditure ratio⁽²⁾				42.4%

Notes:

(1) Calculated by dividing annual/semi-annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three and a half financial years prior to [REDACTED] by total operating expenditure for the three and a half financial years prior to [REDACTED].

CAPITAL COMMITMENT

We did not have any material capital commitment as of December 31, 2022, 2023 and 2024, June 30, 2025 and October 31, 2025, respectively.

CAPITAL EXPENDITURES

Our capital expenditures primarily comprise expenditures for the purchase of property and equipment and intangible assets. The following table sets forth details of our capital expenditures for the years/periods presented:

	For the Year Ended			For the six months	
	2022	2023	2024	ended June 30,	2025
				2024	2025
				(in RMB thousands)	(unaudited)
Addition of property and equipment	2,518	1,367	911	83	194
Addition of intangible assets	102	2,038	—	—	1,755
Total	<u>2,620</u>	<u>3,405</u>	<u>911</u>	<u>83</u>	<u>1,949</u>

FINANCIAL INFORMATION

We funded these expenditures primarily with our operating cash flow, and we expect to fund our capital expenditures with our operating cash flow and [REDACTED] from the [REDACTED].

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details relating to our related party transactions, see Note 28 to the Accountants’ Report set out in Appendix I to this document. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk. For details, see Note 26 to the Accountants’ Report set out in Appendix I to this document.

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from other financial assets and cash and cash equivalents is limited because the counterparties are banks with good credit rating. The carrying amount of each class of the financial assets represent our maximum exposure to credit risk in relation to financial assets. We do not provide any guarantees which would expose us to credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Liquidity risks

It is our policy to monitor our liquidity management and cash management on a regular basis, including the raising of loans to cover expected cash demands. We also monitor our liquidity requirements and the adequacy of committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our fixed deposits, certificates of deposit and borrowings are all borrowings, issued at fixed rates. The balance of bank structured deposits is not significant. Fluctuation of interest rate will not have significant impact to us.

DIVIDEND POLICY

We are a holding company incorporated under PRC laws. During the Track Record Period, we did not declare or pay any dividends. Pursuant to our Articles of Association, our Board will formulate

FINANCIAL INFORMATION

the dividends distribution plan after taking into account our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association, applicable PRC law and approval by our Shareholders. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. As at the Latest Practicable Date, we had not adopted any formal dividend policy, nor had we set any dividend payout ratio.

WORKING CAPITAL SUFFICIENCY

The Directors, as concurred by the Joint Sponsors, are of the opinion that, taking into account of the financial resources available to us described below, we have sufficient working capital for our requirements for at least the next 12 months from the date of this document: (i) our estimated future operating cash flows; (ii) cash and cash equivalents on hand; (iii) available banking facilities; and (iv) estimated [REDACTED] from the [REDACTED].

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) payment for the purchase of property and equipment, and intangible assets, and (iii) lease payment. Our historical monthly average cash burn rate was RMB10.1 million, RMB12.6 million, RMB13.8 million and RMB8.1 million in 2022, 2023 and 2024 and for the six months ended June 30, 2025, respectively. We had cash and cash equivalents, restricted cash, and current portion of other financial asset of RMB155.6 million in aggregate as of [October 31], 2025. We estimate that we will receive [REDACTED] of approximately [REDACTED] after deducting the [REDACTED] in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] in this document.

Assuming that the average cash burn rate going forward will be RMB10.3 million, based on the management forecast and the underlying assumptions that (i) the number of our employees will align with recruiting plan and not increase unexpectedly; (ii) no substantial unexpected capital expenditures; (iii) no other acquisitions or investments; and (iv) seasonality of our business is taken into account, we estimate that our cash and cash equivalents, and current portion of other financial assets (which primarily includes certificates of deposit, bank structured deposits and fixed deposits which are readily liquidatable on demand) as of [October 31], 2025 will be able to maintain our financial viability for approximately [15] months ending January 31, 2027 or, if we take into account [REDACTED] of the estimated [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [21] months ending August 31, 2027 or, if we also take into account [REDACTED] of the estimated [REDACTED] from the [REDACTED], approximately [75] months ending January 31, 2032. Besides, as of [October 31], 2025 we had unutilized banking facilities of RMB256.6 million, which will be used to further fund our operations, if necessary, before we begin to record net profit and net operating cash inflow. We will continue to monitor our cash flows from operations closely. We do not expect to have next round of financing before the [REDACTED]. For more information, see “Indebtedness Statement”.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had no distributable reserves.

[REDACTED]

Our [REDACTED] mainly include [REDACTED] fees and commissions and professional fees paid to legal, accounting and other advisors for their services rendered in relation to the [REDACTED] and the [REDACTED]. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] will be approximately [REDACTED] (including (i) [REDACTED] of approximately [REDACTED], and (ii) non-[REDACTED] related expenses of approximately [REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountants of [REDACTED] and other fees and expenses of approximately [REDACTED]), accounting for approximately of [REDACTED] of our gross [REDACTED] from the [REDACTED]. An estimated amount of [REDACTED] for our [REDACTED], accounting for approximately [REDACTED] of our gross [REDACTED], has been expensed or is expected to be expensed through profit or loss and the remaining amount of [REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We incurred [REDACTED] of approximately [REDACTED] (equivalent to [REDACTED]) by June 30, 2025.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited [REDACTED] statement of adjusted net tangible assets of our Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the [REDACTED] on the consolidated net tangible assets attributable to equity shareholders of the Company as of June 30, 2025 as if the [REDACTED] had taken place on June 30, 2025.

This unaudited [REDACTED] statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the [REDACTED] been completed as of June 30, 2025 or any future dates.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of June 30, 2025	Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted net tangible assets attributable to the equity shareholders of the Company	Unaudited [REDACTED] adjusted net tangible assets per Share	
	RMB'000 (note 1)	RMB'000 (notes 2 and 4)	RMB'000	RMB (note 3)	HK\$ (note 4)
Based on an [REDACTED]					
per H Share	168,743	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED]					
per H Share	168,743	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The consolidated net tangible assets attributable to equity shareholders of the Company as at June 30, 2025 is arrived at after (i) deducting intangible assets of RMB3,081,000; and (ii) adjusting the share of intangible assets attributable to non-controlling interests of RMB14,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB171,810,000 as at June 30, 2025, which is extracted from the Accountants' Report set out in Appendix I to this document.

FINANCIAL INFORMATION

- (2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] per H Share, being the lower end price and higher end price of the indicative [REDACTED] respectively, and the issuance [REDACTED] Shares, after deduction of the [REDACTED] fees and other related expenses paid or payable by the Company (excluding the [REDACTED] charged to profit or loss during the Track Record Period), and do not take into account any H Shares which may be issued upon the exercise of the [REDACTED] and the options granted under the pre-[REDACTED] Share Option Scheme of the Company.
- (3) The unaudited [REDACTED] adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue immediately following the completion of the [REDACTED], and does not take into account any H Shares which may be issued upon the exercise of the [REDACTED] and the options granted under the pre-[REDACTED] Share Option Scheme of the Company.
- (4) The estimated [REDACTED] from the [REDACTED] and the unaudited [REDACTED] adjusted net tangible assets per Share are converted from or into Hong Kong dollars (the “HK\$”) at an exchange rate of HK\$1.00 to RMB0.91195. No representation is made that HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2025.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there have been no material adverse change in our financial, trading position or prospects since June 30, 2025, being the end date of our latest audited financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Save as otherwise disclosed in this document, our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Hong Kong Listing Rules.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Li held approximately 12.5% direct interest in our Company. Separately, our Company was held as to approximately 12.3% by Starcraft Technology, which was in turn held as to 92.7% by Mr. Li, and together with the Shares held directly by Mr. Li, Mr. Li was entitled to control the exercise of the voting rights attached to approximately 24.7% of the issued share capital of our Company.

Immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED] and no new Shares are issued under our Pre-[REDACTED] Share Option Scheme, and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED], Mr. Li will directly and indirectly control an aggregate of approximately [REDACTED] of the voting rights in our Company. Accordingly, Mr. Li and Starcraft Technology will be our Single Largest Group of Shareholders immediately upon the [REDACTED], and our Company will not have any controlling shareholder as defined under the Listing Rules upon [REDACTED].

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Management independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors, and we also have three Supervisors and six senior management members. Mr. Li, an executive Director and a senior management member, is also a member of our Single Largest Group of Shareholders and the chairman of the board of directors of Starcraft Technology. Ms. Zhang Yuwei, an executive Director, is a director of Starcraft Technology and Ms. Du Jinyan, secretary to the Board, chief legal officer and one of the joint company secretaries of the Company effective upon [REDACTED], is a supervisor of Starcraft Technology. Each of our Directors, Supervisors and members of the senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors, Supervisors and senior management, see “Directors, Supervisors and Senior Management” in this document.

Our Directors consider that our Board, Supervisory Committee and senior management of our Company are capable of operating our business and managing all actual or potential conflicts of interest independently of our Single Largest Group of Shareholders after the [REDACTED] because:

- (a) save for Mr. Li, Ms. Zhang Yuwei and Ms. Du Jinyan, all of our Directors, Supervisors and senior management do not hold any position in Starcraft Technology or its close associates, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group. Although Mr. Li, Ms. Zhang and Ms. Du hold positions in Starcraft Technology, Starcraft Technology is only an investment holding company and they have historically been able to devote, and will continue upon [REDACTED] to devote, sufficient time and capacity for the affairs of our Group. Further, when performing their respective duties, they will be supported by a separate and independent senior management team. In addition, the management personnel of our Company have clear reporting lines, and ultimately the management team reports to the executive Directors, who are responsible for reporting to our Board. Our Board supervises and monitors the performance of our Company’s management team generally through the regular reports made by our executive Directors to our Board, regular meetings of our Board and ad hoc

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of management team, as well as the regular updates of operational and financial data and information that are provided to our Directors;
- (b) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
 - (c) our daily management and operations are carried out by our executive Directors and the members of our 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. Further, a majority of our senior management team are independent of our Single Largest Group of Shareholders;
 - (d) we have three independent non-executive Directors, representing one-third of the Board. The independent non-executive Directors will represent an element of independence at the board level, and certain matters of our Company must always be referred to the independent non-executive Directors for review, to protect the interests of our Company and the Shareholders as a whole;
 - (e) there is no business dealings between the Company and Starcraft Technology, and therefore, despite the overlap between members of the Board and the directors of Starcraft Technology, there is no material conflict of interest. In the event that there is a material conflict of interest arising out of any transaction to be entered into between our Group and a Director or his or her respective associates, the interested Director shall abstain from voting and shall not be counted in the quorum in respect of such transactions; and
 - (f) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would enhance our independent management, as detailed in the sub-section headed “—Corporate governance measures” below.

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 our Group independently.

Operational independence

Our Directors believe that our Group is operationally independent from our Single Largest Group of Shareholders. Our Company (through our subsidiaries) holds all relevant licenses. We own or are legally licensed to use all relevant intellectual properties and own facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We also have independent access to our customers and suppliers, and independent departments, each with specific areas of responsibilities. We have adopted a set of internal control procedures to maintain effective and independent operation of our business.

In addition, we have established our internal organizational and management structure which includes Shareholders’ meetings, our Board and other committees, and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Based on the above, our Directors believe that our business is operationally independent of our Single Largest Group of Shareholders.

Financial independence

Our financial system and financial operations are independent from our Single Largest Group of Shareholders. Our Group makes financial decisions according to our own business needs and our Group’s financial operations are handled by our finance team, without sharing any financial management functions or resources with our Single Largest Group of Shareholders.

There was no outstanding loans or guarantees or other financial assistance provided by, or granted to, our Single Largest Group of Shareholders or their respective associates as of the Latest Practicable Date.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders.

Competition

Our Single Largest Group of Shareholders do not currently have any interest in a business (save for the business of our Group) that competes or is likely to compete, whether directly or indirectly, with our Group’s business, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

- (a) under the Articles, where a Shareholders’ meeting is held to consider proposed transactions in which our Single Largest Group of Shareholders are, under the Listing Rules, required to abstain, our Single Largest Group of Shareholders shall abstain from voting and their votes shall not be counted in respect of such transactions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- (e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and annual reports or by way of announcements as required by the Listing Rules;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expense;
- (g) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (h) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Single Largest Group of Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB382,380,952, divided into 382,380,952 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] and [REDACTED] of Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised and the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] from Unlisted Shares ^{Note}	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Note: Please refer to “History, Reorganization and Corporate Structure – Capitalization of our Company” for details of the identities of the shareholders whose Shares will be [REDACTED] into H Shares upon [REDACTED].

Immediately following the completion of the [REDACTED] and [REDACTED] of Unlisted Shares into H Shares, assuming that the [REDACTED] is fully exercised and the share options granted under our Pre-[REDACTED] Share Option Scheme are not exercised, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] from Unlisted Shares ^{Note}	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Note: Please refer to “History, Reorganization and Corporate Structure – Capitalization of our Company” for details of the identities of the shareholders whose Shares will be [REDACTED] into H Shares upon [REDACTED].

OUR SHARES

The H Shares in issue following the completion of the [REDACTED] and the Unlisted Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism

SHARE CAPITAL

(Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

RANKING

Unlisted Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our Shares will be paid in Hong Kong dollars or Renminbi, as the case may be. Other than cash, dividends could also be paid in the form of Shares.

[REDACTED] OF OUR UNLISTED SHARES INTO H SHARES

The Company has filed for a “full circulation” of all the existing [REDACTED] Unlisted Shares into H Shares on a [REDACTED] basis and submitted the application reports, authorization documents of the shareholders of Unlisted Shares for which an H-share “full circulation” are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The relevant filings of the [REDACTED] of the existing [REDACTED] Unlisted Shares held by the existing Shareholders into H Shares on a [REDACTED] basis have been completed on November 24, 2025.

Upon completion of the [REDACTED], if any of our Shares are not [REDACTED] or traded on any stock exchange, the holders of our Unlisted Shares may [REDACTED] their Shares into H Shares provided such [REDACTED] shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have completed the required filing with the securities regulatory authorities of the State Council, including the CSRC. The [REDACTED] of such [REDACTED] Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

Based on the procedures for the [REDACTED] of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed [REDACTED] to ensure that the [REDACTED] process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any [REDACTED] of additional Shares after our initial [REDACTED] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [REDACTED] at the time of our initial [REDACTED] in Hong Kong.

No class Shareholder voting is required for the [REDACTED] and [REDACTED] of the [REDACTED] Shares on the Hong Kong Stock Exchange. Any application for [REDACTED] of the [REDACTED] Shares on the Hong Kong Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed [REDACTED].

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-

SHARE CAPITAL

register such Shares on our H Share register maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our [REDACTED] lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the [REDACTED] in force from time to time. Until the [REDACTED] Shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

For further details, see “Risk Factors—Risks Relating to the [REDACTED] Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.”

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the [REDACTED] of a company, the shares issued prior to the [REDACTED] shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and not be transferred within a period of one year from the [REDACTED].

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders’ general meeting is required, please refer to the section headed “Appendix V—Summary of the Articles of Association”.

[REDACTED] SHARE INCENTIVE SCHEME AND [REDACTED] SHARE OPTION SCHEME

Our Company adopted (i) the [REDACTED] Share Incentive Scheme on June 28, 2023 which was further amended and approved on August 9, 2024; and (ii) the [REDACTED] Share Option Scheme on August 9, 2024. See “Appendix VI—Statutory and General Information—4. Our Incentive Schemes”.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED], the share options granted under our [REDACTED] Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, 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:

Substantial Shareholders of our Company

Name of Shareholder	Nature of interests	As of the Latest Practicable Date ⁽¹⁾		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] and the share options granted under our [REDACTED] Share Option Scheme are not exercised) ⁽²⁾		
		Number and Type of Shares	Approximate percentage of interest in the total issued share capital	Number and Type of Shares	Approximate percentage of shareholding in the relevant type of Shares after the [REDACTED] ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] ⁽²⁾
Mr. Li ⁽³⁾	Beneficial owner ⁽⁴⁾	47,670,825 Unlisted Shares	12.5%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporations	46,933,525 Unlisted Shares	12.3%	[REDACTED]	[REDACTED]	[REDACTED]
Starcraft Technology ⁽³⁾	Beneficial owner	46,933,525 Unlisted Shares	12.3%	[REDACTED]	[REDACTED]	[REDACTED]
LS 51World ⁽⁵⁾	Beneficial owner	66,209,905 Unlisted Shares	17.3%	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Mirrorverse ⁽⁶⁾	Beneficial owner	26,708,875 Unlisted Shares	7.0%	[REDACTED]	[REDACTED]	[REDACTED]
Hao Lili (郝麗麗) ⁽⁶⁾	Interest in controlled corporations	27,104,170 Unlisted Shares	7.0%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation is based on the total number of [REDACTED] Unlisted Shares in issue and [REDACTED] H Shares in issue upon [REDACTED].
- (2) The table above assumes the [REDACTED] becomes unconditional and the [REDACTED] are issued pursuant to the [REDACTED] and no new Shares are issued under the [REDACTED], the share options granted under our [REDACTED] Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].
- (3) Mr. Li is interested in approximately 92.7% of Starcraft Technology and is deemed to be interested in all the Shares held by Starcraft Technology. Starcraft Technology is owned as to 7.3% by Xi'an Qujiang Puyao Aviation Investment Partnership (Limited Partnership)* (西安曲江普耀航發投資合夥企業(有限合夥)) (“Xi'an Qujiang Puyao”).

The general partner of Xi'an Qujiang Puyao is Tongchuan Yao Jiuzhou Fund Management Co., Ltd.* (銅川普耀九州基金管理有限公司) (“Tongchuan Yao Jiuzhou”) which is owned as to (i) 47.1% by Pudahang Investment Management (Beijing) Co., Ltd.* (普達行投資管理(北京)有限公司) (“Pudahang Investment”), (ii) 29.4% by Beijing Puyao Jiuzhou Science and Technology Innovation Center (Limited Partnership)* (北京普耀九州科技創新中心(有限合夥)) (“Beijing Puyao”), (iii) 17.6% by Shanghai Peixiang Business Consulting Co., Ltd.* (上海佩襄商務諮詢有限公司) (“Shanghai Peixiang”), and (iv) 5.9% by Tongchuan Yaozhou District Chengji

SUBSTANTIAL SHAREHOLDERS

Development Investment Co., Ltd.* (銅川市耀州區誠基開發投資有限公司) (“**Tongchuan Yaozhou**”). Pudahang Investment, is owned as to 84.6%, 9.4% and 6.0% by Qingwei Kong (孔慶偉), Zhang Sen (張森), Yu Kexiang (俞科翔), respectively, each an Independent Third Party. Beijing Puyao is owned as to 58.4%, 25.9%, 9.1%, 6.5% and 0.1% by Yuen Lai Ki (袁麗淇), Qian Yaou (錢亞歐), Zhang Sen (張森), Liu Ming (劉明), Kong Qingwei (孔慶偉), respectively, each an Independent Third Party. The general partner of Beijing Puyao is Yuen Lai Ki (袁麗淇). Shanghai Peixiang is owned as to 100% by Zhang Peiqiong (張佩瓊), an Independent Third Party. Tongchuan Yaozhou is wholly-owned by Tongchuan Development Investment Co., Ltd.* (銅川市開發投資有限公司), which is in turn wholly-owned by the Tongchuan Finance Bureau (銅川市財政局), a government bureau.

Xi'an Qujiang Puyao has four limited partners, namely (i) Hongshi Yiyi (Zibo) Enterprise Management Partnership (Limited Partnership)* (紅石熠熠(淄博)企業管理合夥企業(有限合夥)) (“**Hongshi Yiyi**”), (ii) Jiaying Fengwu Investment Partnership (Limited Partnership)* (嘉興鳳舞投資合夥企業(有限合夥)) (“**Jiaying Fengwu**”), (iii) Jiaying Eagle Wing Investment Partnership (Limited Partnership)* (嘉興鷹翼投資合夥企業(有限合夥)) (“**Jiaying Eagle Wing**”) and (iv) Tongchuan Yao Jiuzhou, holding 66.1%, 16.1%, 9.7% and 8.1% of the economic interest in Xi'an Qujiang Puyao, respectively.

Hongshi Yiyi is owned as to 24.4%, 24.4%, 8.8%, 8.8%, 8.5%, 4.4%, 3.7%, 2.4%, 2.4%, 2.4%, 2.4%, 2.4% and 2.4% by Xu Duo (許多), Tian Xiuting (田秀婷), He Jinyun (何金雲), Jin Fuchen (金福沈), Yuen Lai Ki (袁麗淇), Li Meizhi (李美芝), Pan Yue (潘悅), Liu Ming (劉明), Liang Wenyi (梁文藝), Qian Yaou (錢亞歐), Taiwan Wen Ni (臺文霓), Song Lizhen (宋立珍), Zhu Jianxiu (朱建修) and Ji Nan (冀楠), respectively, each an Independent Third Party. The general partner of Hongshi Yiyi is Yuen Lai Ki (袁麗淇).

Jiaying Fengwu is owned as to 29.9%, 29.9%, 29.9%, 10.0% and 0.2% by Yuen Lai Ki (袁麗淇), Beijing Yiliang Information Consulting Co., Ltd.* (北京詠亮信息諮詢有限公司) (“**Beijing Yiliang**”), Tibet Deli Energy Technology Co., Ltd.* (西藏德里能源科技有限公司), Su Zhenbang (蘇鎮邦) and Tongchuan Yao Jiuzhou. Beijing Yiliang is owned as to 57.5% and 42.5% by Pan Yue (潘悅) and Shenzhen Longyuan Shengyu Investment Partnership (Limited Partnership)* (深圳隆元晟昱投資合夥(有限合夥)) (“**Shenzhen Longyuan Shengyu**”), respectively. Shenzhen Longyuan Shengyu is owned as to 69.0%, 30.0% and 1.0% by Beijing Zhonghong Property Management Co., Ltd.* (北京中鴻物業管理有限公司) (“**Beijing Zhonghong**”), Suo Jingjing (索晶晶), and Beijing Longquan Investment Fund Management Co., Ltd.* (北京隆泉投資基金管理有限公司) (“**Beijing Longquan**”). Beijing Zhonghong is wholly-owned by Beijing Hongqiang Shengyu Technology Co., Ltd.* (北京鴻強晟昱科技股份有限公司), which is in turn owned as to 95%, 3% and 2% by Suo Qiang (索強), Suo Jie (索傑), and Xie Wei (謝偉), respectively. Beijing Longquan is owned as to 70% and 30% by Suo Jingjing (索晶晶) and Wang Xu (王旭), respectively. The general partner of Shenzhen Longyuan Shengyu is Beijing Longquan. Each of Yuen Lai Ki (袁麗淇), Su Zhenbang (蘇鎮邦), Pan Yue (潘悅), Suo Jingjing (索晶晶), Suo Qiang (索強), Suo Jie (索傑), Xie Wei (謝偉) and Wang Xu (王旭) is an Independent Third Party.

Jiaying Eagle Wing is owned as to 99.9% and 0.1% by Shenzhen Taidong Capital Management Co., Ltd.* (深圳太東資本管理有限公司) (“**Shenzhen Taidong**”) and Tongchuan Yao Jiuzhou, respectively. Shenzhen Taidong is owned as to 60% and 40% by (i) Taidong Group Co., Ltd.* (太東集團有限公司), which is wholly-owned by Su Zhituan (蘇志團), who is an Independent Third Party, and (ii) Shenzhen Jinyang Investment Holdings Co., Ltd.* (深圳市金陽投資控股有限公司) (“**Shenzhen Jinyang**”), respectively. Shenzhen Jinyang is wholly-owned by Shenzhen Yijia Capital Management Co., Ltd.* (深圳億嘉資本管理股份有限公司), which is in turn owned as to 80% and 20% by Shenzhen Taidong and Su Zhituan (蘇志團), respectively. The general partner of Jiaying Eagle Wing is Tongchuan Yao Jiuzhou.

Xi'an Qujiang Puyao originally intended to participate in our series C [REDACTED] investment in March, 2020, but was unable to join as one of our [REDACTED] investors due to the delay involved in its own internal approval process for its investment. Thereafter, Xi'an Qujiang Puyao explored the opportunity of investing in us during our series D [REDACTED] investment and series E [REDACTED] investment in December 25, 2020 and November 30, 2021, but decided not to participate in the said series due to its own investment decision based on the fact that our pre-money valuation immediately prior to our series D and series E [REDACTED] investment reached RMB3,500 million and RMB4,000 million, respectively, which was higher than our pre-money valuation of RMB1,600 million immediately prior to our series C [REDACTED] investment.

On December 1, 2021, Mr. Li, Xi'an Qujiang Puyao, Starcraft Technology and our Company entered into a capital increase agreement, pursuant to which Starcraft Technology agreed to issue and allot registered share capital in the amount of RMB78,303 to Xi'an Qujiang Puyao at a consideration of RMB30,600,000, which was agreed after arm's length negotiation between Mr. Li and Xi'an Qujiang Puyao and based on (i) our post-money valuation of RMB4,096.4 million after the completion of our series E [REDACTED] investment, (ii) a discount for lack of marketability of approximately 20% which was in line with the discount applicable to share transfers during each of our [REDACTED] investments. See “History, Reorganization and Corporate Structure — [REDACTED] Investments.” and (iii) the prevailing market sentiment amongst the venture capital markets at the time of entering into the capital increase agreement. Accordingly, the corresponding discounted valuation of our Company was RMB3,277.12 million. The [REDACTED] and issue of registered share capital by Starcraft Technology, which was equivalent to an indirect investment by Xi'an Qujiang Puyao in our Company, was initially driven by the intended partial disposal of Mr. Li's interest in our Company held through Starcraft Technology due to Mr. Li's then own funding needs and Xi'an Qujiang Puyao's continued exploration of investment opportunities in our Company.

Xi'an Qujiang Puyao is a passive financial investor and does not control Starcraft Technology. Pursuant to the shareholders' agreement of Starcraft Technology, the board of directors of Starcraft Technology shall comprise three directors, with each of Mr. Li and Xi'an Qujiang Puyao being entitled to appoint two directors and one director, respectively.

To the best knowledge of the Directors, Xi'an Qujiang Puyao is a private equity fund managed by Tongchuan Puyao Jiuzhou Fund Management Co., Ltd (銅川普耀九州基金管理有限公司), which was established in 2017 with joint funding from state-owned platforms, shareholders of listed companies, and a team from renowned institutions. It currently manages a cumulative fund of RMB1 billion, with investors primarily comprising local state-owned guiding funds, listed companies, and institutional investors.

Puyao Jiuzhou Capital focuses on key industries aligned with national strategic development, including defence and military industries, digital technology, biotechnology, intelligent technology, and emerging materials. The team possesses extensive experience in industry,

SUBSTANTIAL SHAREHOLDERS

regulation, and operational management. In past cases, the team has successfully facilitated the domestic and international [REDACTED] of over 20 invested companies and has provided strategic mergers and acquisitions and consulting services to a number of listed companies.

- (4) As of the Latest Practicable Date, Mr. Li was granted 38,238,095 CEO Options by our Company, upon the vesting and exercise of which the same number of H Shares will be issued to him.
- (5) LS 51World is a limited company incorporated in Hong Kong and is wholly owned by Lightspeed China Partners II, L.P.. Lightspeed China Partners II, L.P. is managed by its general partner, Lightspeed China Partners II GP, LLC, which is owned equally by Mr. James Qun Mi (50%) and Mr. Ronald Cao (50%). The limited partners of Lightspeed China Partners II, L.P. are Independent Third Parties. None of the limited partners holds more than 30% of the economic interest therein.
- (6) The general partner of Qingdao Mirrorverse, our employee incentive platform, is Nanjing Mirrorverse No. 1. The general partner of Nanjing Mirrorverse No. 1 is Ms. Hao Lili and none of the limited partners holds more than 30% of the limited partnership interest therein. As such, Ms. Hao Lili is deemed to be interested in the 26,708,875 Shares held by Qingdao Mirrorverse under the SFO. Ms. Hao Lili is also the general partner of Xinyi Ruizhi and therefore deemed to be interested in the 395,295 Shares held by Xinyi Ruizhi under the SFO.

For further information on any other person who will be, immediately following completion of the [REDACTED], directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see section headed “Appendix VI—Statutory and General Information—3. Further Information About Our Directors and Supervisors—C. Disclosure of Interests—(ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)”.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets out certain information in respect of our Directors:

DIRECTORS

The following table provides information about our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Li Yi (李熠)	39	Executive Director, chief executive officer and chairman of the Board and general manager	February 2015	February 2015	Overall strategic planning and overall management of our Group
Mr. Wang Chenkang (王辰康)	35	Executive Director and vice president	February 2015	November 2023 ⁽¹⁾	Overall business direction and management of our Group
Ms. Zhang Yuwei (張雨薇)	36	Executive Director and vice president	July 2017	March 2020	Responsible for the capital markets activities and consumer businesses development of our Group
Ms. Tong Shan (佟珊)	37	Executive Director and vice president	September 2015	April 2024	Responsible for managing the sales activities of 51Aes
Ms. Pu Ge (蒲鵠, formerly known as 蒲戈)	36	Executive Director	February 2019	August 2024	Responsible for managing the marketing activities of our Group
Mr. Lyu Jinrong (呂金榮)	42	Non-executive Director	March 2021	March 2021	Providing advice on the operation and management of our Company
Mr. Li Pan (李攀)	41	Independent non-executive Director	August 2024	September 2024	Supervising and providing independent opinion and judgment to the Board
Mr. Lin Chen (林晨)	46	Independent non-executive Director	August 2024	September 2024	Supervising and providing independent opinion and judgment to the Board
Mr. Zhang Lening (張樂寧)	47	Independent non-executive Director	August 2024	September 2024	Supervising and providing independent opinion and judgment to the Board

Note:

(1) Mr. Wang was elected as a Director of the Company in April 2018 and resigned in December 2019. He was reappointed as a Director of the Company in November 2023.

None of our Directors, Supervisors and members of senior management is related to other Directors, Supervisors or members of senior management. Save as disclosed in this section, (i) none of

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Executive Directors

Mr. Li Yi (李熠), aged 39, is an executive Director, chief executive officer, the chairman of our Board, and the general manager of our Company. Mr. Li is responsible for the overall strategic planning and overall management of our Group. Mr. Li has served as the chief executive officer since February 2015, the chairman of our Board since November 2016 and the general manager of our Company since April 2018. Mr. Li continues to serve as a director of First Moma Asset Management at present, in recognition of his contributions to the company’s business development and strategic direction. However, Mr. Li serves in the capacity of a non-executive director and does not participate in the daily management or operations of First Moma Asset Management. Previously, Mr. Li served as the president of First Moma Asset Management, an asset management company, from January 2013 to December 2019, the general manager of First Moma Commercial Operation Management (Beijing) Co., Ltd. (第一摩碼商業運營管理(北京)有限公司), a commercial leasing, sales, and operations company, from January 2011 to December 2012, and the vice president of First Moma Asset Management from March 2009 to December 2010. He also served as the operation manager at First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) (formerly known as First Property (Beijing) Co., Ltd. (第一物業(北京)股份有限公司), a property management services company, from July 2008 to March 2009. Mr. Li received his master’s degree in business administration from Tsinghua University (清華大學) in the PRC in June 2023 and his bachelor’s degree in engineering cost from Chongqing University (重慶大學) in the PRC in June 2008.

Mr. Li Yi was a director or supervisor of certain companies established in the PRC below prior to their dissolution:

Name of the company	Principal business	Reason for dissolution	Method of dissolution	Date of dissolution	Position
First Momo Network Technology (Beijing) Co., Ltd.* (第一摩碼網絡科技(北京)有限公司)	Technology development	Dissolution of the operating company in the PRC following the termination of our former contractual arrangements. See “History, Reorganization and Corporate Structure — Former Contractual Arrangements.”	Deregistration	May 24, 2024	Executive director and general manager

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name of the company	Principal business	Reason for dissolution	Method of dissolution	Date of dissolution	Position
Xinyi Earth Clone Information Technology Co., Ltd.* (新沂地球克隆信息技術有限公司)	Technology development	Cessation of business	Deregistration	June 30, 2023	Supervisor
Shichi Information Technology (Shanghai) Co., Ltd.* (視馳信息科技(上海)有限公司)	Technology development	Cessation of business	Deregistration	January 17, 2022	Executive director and general manager
Chengdu Wuyou Innovation Technology Co., Ltd.* (成都無憂創新科技有限公司)	Investment holding	Dissolution after merger with Mirrorverse Technology (Chengdu) Co., Ltd.* (萬物鏡像科技(成都)有限公司)	Deregistration	August 5, 2021	Executive director and general manager
Dangjiang Technology (Shanghai) Co., Ltd.* (當匠科技(上海)有限公司)	Investment holding	Cessation of business	Deregistration	May 25, 2021	Executive director and general manager
Dangxue Network Technology (Shanghai) Co., Ltd.* (當學網絡科技(上海)有限公司)	Investment holding	Cessation of business	Deregistration	June 17, 2021	Executive director and general manager
First Mo Code Entertainment Technology (Beijing) Co., Ltd.* (第一摩碼娛樂科技(北京)有限公司)	Investment holding	Cessation of business	Deregistration	October 8, 2021	Executive director and general manager

To the best knowledge, information and belief of Mr. Li, he confirmed that (i) the above companies were solvent immediately prior to their respective dissolution; (ii) there was no wrongful act on his part leading to the dissolution of the above companies; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of above companies; and (iv) he has not received any notification in respect of penalty, action or proceeding from the relevant authorities as a result of the dissolution.

Mr. Wang Chenkang (王辰康), aged 35, is an executive Director and the vice president of our Company. He is responsible for the overall business direction and management of our Group. Mr. Wang is also currently the general manager of 51Aes. Mr. Wang joined our Group in February 2015 as a product manager. Prior to joining our Group, Mr. Wang served as an assistant to president responsible for the North America market at Modern Green Development Co., Ltd. (當代節能置業股份有限公司), a real estate development company, from July 2013 to January 2015. Mr. Wang received his master’s degree in foreign linguistics and applied foreign linguistics from Beijing International Studies University (北京第二外國語學院) in July 2013 and his bachelor’s degree in English (international trade) from Nanjing Institute of Technology (南京工程學院) in the PRC in June 2011. Mr. Wang has served as a standard committee expert of Z-Park Strategic Alliance of Smart City Industry Technology Innovation (中關村智慧城市產業技術創新戰略聯盟), an alliance formed by institutions actively

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

involved in technology and innovation, since June 2023. He was also certified as a senior engineer of city information modelling integration and application by the Ministry of Industry and Information Technology (工業和信息化部) in April 2022 and a Level 2 interpreter of the China Accreditation Test for Translators and Interpreters (CATTI) by the Ministry of Human Resources and Social Security (人力資源和社會保障部) in May 2012.

Mr. Wang Chenkang was a director of a company established in the PRC below prior to their dissolution:

Name of the company	Principal business	Reason for dissolution	Method of dissolution	Date of dissolution	Position
Xinyi Digital Twin Information Technology Co., Ltd.* (新沂數字孿生信息技術有限公司)	Cessation of business	Voluntarily deregistered	Deregistration	June 29, 2023	Executive director and general manager

To the best knowledge, information and belief of Mr. Wang Chenkang, he confirmed that (i) the above company was solvent immediately prior to their respective dissolution; (ii) there was no wrongful act on his part leading to the dissolution of the above company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of above company; and (iv) he has not received any notification in respect of penalty, action or proceeding from the relevant authorities as a result of the dissolution.

Ms. Zhang Yuwei (張雨薇), aged 36, is an executive Director and vice president of our Company. She is responsible for the capital markets activities and consumer businesses development of our Group. Ms. Zhang joined our Group in July 2017 as the legal director and the director of investor relations of Host Mobile. She has been the vice president and the Board secretary of our Company since February 2021 and November 2020, respectively. She has also been a director of Starcraft Technology since March 2022. Prior to joining our Group, Ms. Zhang worked as a content developer at Reed Elsevier Information Technology (Beijing) Co., Ltd. (勵德愛思唯爾信息技術(北京)有限公司), an information and data analysis company, from January 2016 to July 2017, and a lawyer at Beijing Zhonglun W&D (Chengdu) Law Firm (北京市中倫文德(成都)律師事務所) from October 2014 to December 2015. She worked as a legal assistant in Beijing Zhonglun W&D (Chengdu) Law Firm from July 2011 to June 2013. Ms. Zhang received her master’s degree in law from University of Bristol in the United Kingdom in November 2014 and her bachelor’s degree in law from Sichuan Normal University (四川師範大學) in the PRC in June 2011.

Ms. Tong Shan (佟珊), aged 37, is an executive Director. She is responsible for managing the sales activities of 51Aes. Ms. Tong joined our Group in September 2015 and she currently is the sales general manager of 51Aes. Prior to joining our Group, Ms. Tong served as a financial project manager at the crowdfunding department of Jingdong Technology Holding Co., Ltd. (北京京東世紀貿易有限公司), a company that provides digital solutions for financial institutions, from December 2014 to July 2015, where she was responsible for business development. Ms. Tong received her bachelor’s degree in computer science and technology from Shenyang Normal University (瀋陽師範大學) in the PRC in June 2010.

Ms. Pu Ge (蒲鵠, formerly known as 蒲戈), aged 36, is an executive Director. She is responsible for managing the marketing activities of our Group. Ms. Pu joined our Group in February 2019 and she has served as the head of the branding department of our Company since February 2019 and the head of

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

marketing of 51Earth since June 2024. Prior to joining our Group, Ms. Pu worked at Beijing Zhibai Technology Co. (北京智百科技有限公司), an AI technology developer, from April 2017 and was subsequently transferred to Beijing Innovative Lezhi Information Technology Co. (北京創新樂知信息技術有限公司), an information technology and services company, where she served as the department manager from June 2017 to October 2018. She was the founder and served as an editor-in-chief of Beijing Xiaowang Technology Co., Ltd. (北京小望科技有限公司), a technology development company, from August 2016 to April 2017. She also served as an industry editor-in-chief at Beijing Venture Future Media Technology Co., Ltd.* (北京創業未來傳媒技術有限公司), a company that provides business innovation and entrepreneurship services, from January 2015 to July 2016. Prior to that, she worked at Beijing Wenchuang International Group Limited (北京文創國際集團有限公司), an advertisement agency, from March 2013 to October 2014. Ms. Pu received her master’s degree in English language and literature from Beijing Foreign Studies University (北京外國語大學) in the PRC in March 2013 and her bachelor’s degree in Chinese language and literature from Beijing International Studies University (北京第二外國語學院) in the PRC in July 2009.

Non-Executive Director

Mr. Lyu Jinrong (呂金榮), aged 42, is a non-executive Director. He is responsible for providing advice on the operation and management of our Company. He has served as the chairman of the board of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司), a fitness company that offers health customization and monitoring service from March 2024 to August 2025. He has served as the chief executive officer of First Moma Education Investment (Beijing) Co., Ltd. (第一摩碼教育投資(北京)有限公司), a youth education management company, from January 2021 to July 2025, the vice president of First Moma Asset Management from September 2019 to July 2025 and the director of First Moma Education Investment (Beijing) Co., Ltd.* (第一摩碼教育投資(北京)有限公司), a subsidiary of First Moma Asset Management, since July 2022. Mr. Lyu served as the general manager of the human resources centre at Modern Land (China) Co., Limited. (當代置業(中國)有限公司), a company listed on the Stock Exchange (stock code: 1107.hk), a real estate company, from April 2014 to August 2019. He worked at Beijing Alliance PKU Management Consultants Ltd. (北京北大縱橫管理諮詢有限責任公司), a management consulting company, from June 2012 to October 2013. Mr. Lyu received his executive master of business administration degree (EMBA) from Peking University (北京大學) in July 2022, his master of business administration degree (MBA) from Trinity College Dublin in Ireland in November 2011 and his bachelor’s degree in English from Anhui Education College (安徽教育學院) in the PRC in November 2004.

Mr. Lyu Jinrong was a director of certain companies and partnerships established in the PRC below prior to their dissolution:

Name of the company	Principal business	Reason for dissolution	Method of dissolution	Date of dissolution	Position
Guizhou Moma Education Technology Co., Ltd.* (貴州摩碼教育科技有限公司)	Education consulting services	Cessation of business	Deregistration	December 1, 2021	Executive director and general manager
Guizhou Moma Education Consulting Co., Ltd.* (貴州摩碼教育諮詢有限公司)	Education consulting services	Cessation of business	Deregistration	January 17, 2024	Executive director and general manager

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

To the best knowledge, information and belief of Mr. Lyu Jinrong, he confirmed that (i) the above companies or partnerships were solvent immediately prior to their respective dissolution; (ii) there was no wrongful act on his part leading to the dissolution of the above companies or partnerships; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of above companies or partnerships; and (iv) he has not received any notification in respect of penalty, action or proceeding from the relevant authorities as a result of the dissolution.

Independent Non-Executive Directors

Mr. Li Pan (李攀), aged 41, is an independent non-executive Director. He is responsible for supervising and providing independent opinion and judgment to the Board. Mr. Li has been with Case Western Reserve University since August 2015, with his current position as tenured professor. Mr. Li is also the chief executive officer of Hangzhou Bashi Space Artificial Intelligence Information Technology Co., Ltd. (杭州八識空間人工智能信息技術有限公司) and Hangzhou Butaitian Biology Technology Co., Ltd. (杭州不太甜生物科技有限公司). He was with Mississippi State University from August 2009 to August 2015, with his last position as tenured professor. Mr. Li received his PhD degree in engineering from University of Florida in the United States in August 2009 and his bachelor’s degree in electronic information engineering from Huazhong University of Science and Technology (華科技大學) in the PRC in June 2005.

Mr. Li was a director of certain companies established in the PRC below prior to their dissolution:

Name of the company	Principal business	Reason for dissolution	Method of dissolution	Date of dissolution	Position
Wuhan Qingyun Health Technology Co., Ltd* (武漢市清雲健康科技有限責任公司)	R&D of intelligent medical technology products	Cessation of business	Deregistration	April 23, 2021	Director

To the best knowledge, information and belief of Mr. Li, he confirmed that (i) the above company was solvent immediately prior to its dissolution; (ii) there was no wrongful act on his part leading to the dissolution of the above company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of above company; and (iv) he has not received any notification in respect of penalty, action or proceeding from the relevant authorities as a result of the dissolution.

Mr. Lin Chen (林晨), aged 47, is an independent non-executive Director. He is responsible for supervising and providing independent opinion and judgment to the Board. Mr. Lin is currently an independent non-executive director of Smart-Core Holdings Limited (芯智控股有限公司), a company listed on the Stock Exchange (stock code: 2166.hk) since June 2025. Also, since March 2025, Mr. Lin is also an independent non-executive director of Waterdrop Inc. (水滴公司), a company listed on the New York Stock Exchange (NYSE: WDH). Mr. Lin has served as an independent non-executive director of Shiyue Daotian Group Co., Limited (十月稻田集團股份有限公司), a company listed on the Stock Exchange (stock code: 9676.hk) since October 2023. Mr. Lin has served as a director of China Merchants Land Asset Management Co., Limited (the manager of China Merchants Commercial REIT, a company listed on the Stock Exchange (stock code: 1503.hk)) since December 2019. Mr. Lin has served at various positions at The University of Hong Kong, including as the Chair of Finance and Stelux Professor in Finance since 2013 and the Vice-President since June 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Lin obtained his PhD degree in August 2006, master of arts degree in August 2005 and master of business administration degree (MBA) in May 2004 from University of Florida in the United States. He received his bachelor’s degree in engineering from South China University of Technology (華南理工大學) in the PRC in July 2000. He is a non-official member of the Task Force on Promoting Web3 Development of the Government of Hong Kong since July 2023, a Fellow of the Academy of Social Sciences, UK since March 2023, a Member of the Academia Europaea since June 2022, a member of the Hang Seng Index Advisory Committee since August 2021, a member of the Fintech Advisory Group of the Securities and Futures Commission since March 2021 and an advisory member of the Hong Kong Institute for Monetary and Financial Research of the Hong Kong Monetary Authority since June 2019.

Mr. Zhang Lening (張樂寧), aged 47, is an independent non-executive Director. He is responsible for supervising and providing independent opinion and judgment to the Board. Mr. Zhang has over 10 years of experience in his capacity as a financing and investment management professional, through which he has gained financial management expertise required under Rule 3.10(2) of the Listing Rules.

Mr. Zhang has been a partner of Guizhou Yunli High Tech Industry Investment Partnership Enterprise (Limited Partnership* (貴州省雲力高新技術產業投資合夥企業(有限合夥))), a partnership that manages a private equity fund. Mr. Zhang served as the deputy general manager of Beijing Hydsoft Technology Co., Ltd.* (北京慧博雲通科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301316), a company that offers software technology services, professional technical services, and products and solutions, from April 2020 to September 2024, where he was responsible for overseeing corporate strategy, operation and financing. He was a senior director of corporate investment at Alibaba Group, a company listed on the Stock Exchange (stock code: 9988.hk) from June 2017 to December 2017, where he was in charge of investment strategy. Prior to this, he was the founder and served as the chief executive officer of Beijing HaoLe Technology Co., Ltd.* (北京昊樂科技有限公司), a company that focuses on venture capital fund and direct investment opportunities, from May 2014 to June 2016, where he was responsible for overseeing company strategy and operation. He served as the executive director of the investment banking division of Goldman Sachs (Asia) LLC from January 2010 to May 2014, where he was working closely with companies in the preparation of their offer document disclosures and other related financial documents in advance of their [REDACTED] in the Hong Kong Stock Exchange or other [REDACTED] on the Hong Kong Stock Exchange or Nasdaq as well as other corporate finance transactions. In connection with such corporate finance transactions, he was also responsible for discussing financial statements and other financial information with audit committees, external auditors, financial advisors and other professional parties, overseeing the implementation and evaluation of internal audit and compliance controls, which falls within the scope of related financial management expertise under Note to Rule 3.10(2) of the Listing Rules.

Mr. Zhang received his master of science degree in chemical engineering from Stanford University in the United States in January 2005 and his master’s degree in mechanical engineering in December 2002 from Texas A&M University in the United States.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

The following table provides information about our Supervisors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Mr. Kuang Peng (匡鵬)	37	Chairperson of Supervisory Committee	October 2021	August 2024	Responsible for the daily management of the Supervisory Committee and supervising the daily operation of the Group
Mr. Hou Tao (侯濤)	46	Supervisor	April 2018	December 2020	Responsible for the daily management of the Supervisory Committee and supervising the daily operation of the Group
Ms. Hou Jingjing (侯靜靜) . .	35	Supervisor	February 2015	December 2020	Responsible for the daily management of the Supervisory Committee and supervising the daily operation of the Group

Mr. Kuang Peng (匡鵬), aged 37, is the chairperson of the Supervisory Committee. Mr. Kuang joined our Group since October 2021, with his current position as human resources manager of our Company, where he is responsible for overseeing talent development, training programs, performance incentives, employee relations, and the promotion of company culture. From October 2013 to August 2021, Mr. Kuang held key training and talent development roles in various companies. From October 2013 to May 2015, Mr. Kuang served as a training supervisor at Beijing Luneng Property Services Co., Ltd. (北京魯能物業服務有限責任公司), a property management company, overseeing the training management and talent development for various company levels. From May 2015 to April 2016, Mr. Kuang worked at Modern Land (China) Co., Limited. (當代置業(中國)有限公司), a company listed on the Stock Exchange (stock code: 1107.hk), where he was responsible for comprehensive training and talent advancement within the real estate sector. Subsequently, from May 2016 to August 2021, Mr. Kuang served as a senior training supervisor at Beijing MTR Corporation Limited (北京京港地鐵有限公司), a company involved in the investment, construction, and operation of several Beijing Metro lines, where he managed training programs and personnel development across all levels for Beijing’s subway operations.

Mr. Kuang graduated from Beihang University (北京航空航天大學) in the PRC with a Bachelor’s degree in human resource management in July 2012. In December 2013, Mr. Kuang obtained the Intermediate Human Resources Manager Certificate (中級人力資源管理師證) issued by the Ministry of Human Resources and Social Security of the People’s Republic of China (中華人民共和國社會保障部制(職業鑑定中心)).

Mr. Hou Tao (侯濤), aged 46, is a Supervisor. Mr. Hou joined our Group in April 2018 and has served as the Supervisor since November 2020. He has also served as the R&D director of our Company since April 2018. Prior to joining our Group, Mr. Hou served as a senior research and development engineer of Shanghai Huimo Information Technology Co., Ltd. (上海匯模信息科技有限公司), a company that specializes in computer graphics for manufacturing and medical industries, from

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

August 2016 to April 2018. Mr Hou served as a senior software engineer at Autodesk (China) Software Research and Development Co., Ltd. (歐特克(中國)軟件研發有限公司), a software development company, from July 2011 to February 2016. Mr Hou worked at Geo Star Information Technology Co., Ltd. (吉奧時空信息技術股份有限公司), a company that provides software and information technology services, from September 2008 to August 2011. Mr. Hou received his doctor’s degree in cartography and geographic information system from Institute of Remote Sensing Applications, Chinese Academy of Sciences (中國科學院遙感應用研究所) in the PRC in July 2006, his master’s degree in cartography and geographic information system from Wuhan University (武漢大學) in the PRC in June 2003, and his bachelor’s degree in resource environmental zoning and management from Wuhan Technical University of Surveying and Mapping (武漢測繪科技大學) in the PRC in July 2000.

Ms. Hou Jingjing (侯靜靜), aged 35, is a Supervisor. Ms. Hou joined our Group in February 2015. She has served as the senior front-end engineer of our Company since February 2015 and the Supervisor since November 2020. Prior to joining our Group, she served as a senior front-end engineer at First Moma Network Technology (Beijing) Co., Ltd. (第一摩碼網絡科技(北京)有限公司), a company that delivers internet information services, from July 2014 to June 2020. Ms. Hou received her bachelor’s degree in network engineering from Hebei Agricultural University (河北農業大學) in the PRC in June 2014.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Positions	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Li Yi (李熠)	39	Executive Director, chief executive officer, chairman of the Board and general manager	February 2015	April 2018	Overall strategic planning and overall management of our Group
Mr. Wang Chenkang (王辰康)	35	Executive Director and vice president	February 2015	June 2023	Overall business direction and management of our Group
Ms. Zhang Yuwei (張雨薇)	36	Executive Director and vice president	July 2017	November 2020	Responsible for the capital market activities and consumer businesses development of our Group
Ms. Zhang Jing (張敬, formerly known as 張靖)	35	Director of finance	January 2021	July 2024	Responsible for managing the finance activities of our Group
Ms. Tong Shan (佟珊)	37	Executive Director and sales general manager of 51Aes	September 2015	August 2024	Responsible for managing the sales activities of 51Aes
Ms. Du Jinyan (杜金艷)	35	Secretary to the Board, chief legal officer and one of the joint company secretaries of the Company effective upon [REDACTED]	October 2021	August 2024	Responsible for overall corporate governance, information disclosure, investor relation and other Board-related matters

For the biographies of Mr. Li Yi, Mr. Wang Chenkang, Ms. Zhang Yuwei and Ms. Tong Shan, see the section headed “Directors — Executive Directors” above.

Ms. Zhang Jing (張敬, formerly known as 張靖), aged 35, is our director of finance. Ms. Zhang is responsible for managing the finance activities of our Group. Ms. Zhang joined our Group in January 2021 and is currently the head of finance of our Company. Prior to joining our Group, Ms. Zhang served as a financial manager of BizConf Telecom Co., Ltd., a domestic smart cloud video company for AI information creation, (上海會暢通訊股份有限公司) (SZSE Stock Code: 300578) from August 2018 to November 2020 and a project manager of Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合伙)) from November 2014 to August 2018. Ms. Zhang received her bachelor’s degree in international economics and trade from Tianjin University of Commerce (天津商業大學) in the PRC in June 2013.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Chu Cheuk Ting (朱卓婷), has been [appointed] as one of our joint company secretaries. Ms. Chu currently serves as a manager of the [REDACTED] services department of TMF Hong Kong Limited and is responsible for the provision of corporate secretarial and compliance services to listed company clients. She has over 12 years of experience in the corporate service field. Ms. Chu is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chu received her master’s degree in science in professional accounting and corporate governance from City University of Hong Kong in 2011 and her bachelor’s degree in arts from The Hong Kong Polytechnic University in 2007.

Ms. Du Jinyan (杜金艷), aged 35, is the secretary to the Board and our chief legal officer and has been appointed as one of our joint company secretaries effective upon [REDACTED]. Ms. Du joined our Group in August 2018, with her current position as legal director and procurement director of our Company. She has also served as a supervisor of other members of the Group, including Mirrorverse Technology (Chengdu) Co., Ltd. (萬物鏡像科技(成都)有限公司), a company that specializes in software and information technology services, since December 2020. She has also served as a supervisor of Starcraft Technology since December 2019. Prior to joining our Group, Ms. Du was engaged in legal work in the international business department of Beijing Dadi Law Firm (北京市大地律師事務所) from August 2014 to August 2018. Ms. Du received her master’s degree in law from Beijing Institute of Technology (北京理工大學) in the PRC in July 2014. Ms. Du obtained the Legal Professional Qualification Certificate (法律職業資格證書) issued by the Ministry of Justice of the People’s Republic of China (中華人民共和國司法部) in March 2014 and was qualified as a corporate compliance officer (senior) issued by China Enterprise Evaluation Association (中國企業評價協會) in November 2023. Ms. Du resigned as our Supervisor with effect from August 9, 2024 due to her appointment as one of our joint company secretaries effective upon [REDACTED], and was not eligible to serve as a Supervisor in accordance with the relevant requirements under the PRC Company Law.

COMPETING INTERESTS

Each of the Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four Board Committees in accordance with the relevant laws and regulations in China, the Articles and the code of corporate governance practices under the Listing Rules, namely the audit committee, the remuneration committee, the nomination committee and the strategy committee. The functions of the committees are summarized as follows:

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

transactions and provide advice and comments to the Board. The audit committee comprises three members, namely Mr. Zhang Lening, Mr. Li Pan and Mr. Lyu Jinrong, with Mr. Zhang Lening as the chairman of the audit committee and the Director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The remuneration committee comprises three members, namely Mr. Zhang Lening, Mr. Lin Chen and Ms. Zhang Yuwei, with Mr. Zhang Lening as the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The nomination committee comprises three members, namely Mr. Li Yi, Mr. Lin Chen and Mr. Li Pan, with Mr. Li Yi as the chairman of the nomination committee.

Strategy Committee

We have established a strategy committee with written terms of reference. The primary duties of the strategy committee are to study and advise on the long term strategy and operation plans of our Group. The strategy committee will assist the Board, in conjunction with our management, in addressing our Company’s overall mission, vision and strategic direction. The strategy committee comprises three members, namely Mr. Li Yi, Mr. Lin Chen and Mr. Wang Chenkang, with Mr. Li Yi as the chairman of the strategy committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [REDACTED] save that Mr. Li Yi will serve as both our chairman and chief executive officer as discussed below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Li Yi currently performs these two roles. Our Board believes that Mr. Li Yi will provide solid and continuous leadership to the Group with his extensive experience and knowledge in management and the support of other members of the Board. Further, vesting the roles of both chief executive officer and chairman of our Board in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

considers that the balance of power and authority for such arrangement will not be impaired and this structure will be more conducive to the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account circumstances of our Group as a whole.

Board diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. 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 our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the nomination committee of our Board will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Company currently has three female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have four non-executive Directors, including three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the nomination committee of our Board will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Management presence

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Accordingly, we have applied for[, and the Hong Kong Stock Exchange has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. See “Waivers and Exemptions” for further details.

Confirmation from our Directors

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 in August 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of our 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 or her appointment.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

REMUNERATION

Our Directors and Supervisors receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses and share-based payment expenses) paid to our Directors amounted to RMB3.3 million, RMB3.4 million, RMB15.6 million and RMB16.8 million, respectively.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses and share-based payment expenses) paid to our Supervisors amounted to RMB1.7 million, RMB1.6 million, RMB2.5 million and RMB0.85 million, respectively.

The five highest paid individuals of our Company for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 included one Director, one Director and one Director and two Directors, respectively. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for the remaining highest paid individuals for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 other than our Directors was approximately RMB5.6 million, RMB5.5 million, RMB6.9 million and RMB2.5 million, respectively.

No remuneration was paid to our Directors, Supervisors or the five highest paid individuals as an inducement to join, or upon joining, our Company. No compensation was paid to, or receivable by, our Directors, past directors, Supervisors or past supervisors for the Track Record Period for the loss of office as director or supervisor or any member of our Company or of any other office in connection with the management of the affairs of any member of our Company. None of our Directors or Supervisors waived any emoluments during the same period.

Save as disclosed above and in “Financial Information,” “Accountants’ Report” and “Statutory and General Information,” no other payments have been paid or are payable, in respect of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 by our Company to our Directors and Supervisors.

Our Company adopted (i) the Pre-[REDACTED] Share Incentive Scheme on June 28, 2023 which was further amended and approved on August 9, 2024; and (ii) the Pre-[REDACTED] Share Option Scheme on August 9, 2024. See “Appendix VI —Statutory and General Information —4. Our Incentive Schemes”.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

- 1) before the publication of any regulatory announcement, circular, or financial report;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- 2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfer of treasury shares and share repurchases;
- 3) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and
- 4) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [REDACTED] or [REDACTED] volume of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the [REDACTED] and is expected to end on the date on which we comply 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.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality and IP protection agreements and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of the employment contracts we enter into with our senior management and other key personnel.

Confidentiality

The employee shall, during the course of employment with the Group and thereafter, keep in confidence all technical, operational information or trade secrets belonging to our Company or other third parties to whom the Group owes confidentiality obligations. Without the Group’s prior consent, the employee shall not leak, disclose, publish, announce, issue, teach, transfer or otherwise make available to any third party (including employees who are not privy to such trade secrets) any such trade secrets of the Group or the aforementioned third parties in any manner and shall not utilize such trade secret beyond his or her scope of work.

Ownership of intellectual work products

The employee acknowledges and agrees that the Group shall own all intellectual work products he or she (i) produces during the course of employment with the Group for the purposes of undertaking their duties and responsibilities and (ii) produces using the Group’s resources.

Non-competition

During the term of his/her employment with our Company, unless with the Group’s prior consent, the employee shall not engage in any business that competes with or is similar to that of the Group’s business.

If the Group requires the employee to undertake non-competition obligation following termination of employment relationship, it shall notify the employee in writing before termination of employment relationship and the employee shall not serve in any capacity at any company engaged in a business that competes with or is similar to that of the Group’s business within a period not exceeding two years after termination of the employment relationship.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Compensation for breach of covenants

If the employee breaches the obligations under the confidentiality, IP and noncompetition agreement, our Group shall be entitled to recover from the employee any losses incurred and any profits earned by the employee as a result of the breaches.

CORE R&D TEAM MEMBERS

For further details on the experience of our core R&D team members, see “Business — Research and Development.”

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business – Our Strategies” in this document for a detailed description of our future plans.

[REDACTED]

Assuming an [REDACTED] of [REDACTED] per H Share (being the mid-point of the [REDACTED] of between [REDACTED] and [REDACTED] per H Share), we estimate that we will receive [REDACTED] of approximately [REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for our research and development initiatives. More specifically:
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for the research and development of 51Aes. More specifically:
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for the recruitment and retention of a dedicated R&D team for the enhancement of the 51Aes digital twin platform technology and the development of digital infrastructure;
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be invested in the acquisition or rental of hardware, cloud resources, and software for the enhancement of the 51Aes digital twin platform technology and the development of digital infrastructure;

The allocation by product is set forth in the table below:

<u>Product</u>	<u>Description/ Background</u>	<u>Goal</u>	<u>Implementation Plan and timeline</u>	<u>Allocation of the estimated [REDACTED]</u>
All Elements Scene (AES)	On the basis of real physical elements, AES is able to faithfully simulate 3D scenes with computer graphics and AI, to realize real-time rendering of ultra-large-scale scenes and individualized management of all elements.	We aim to achieve the following: 1. Full dynamic, real-time generation of meta-element scenes; 2. Support for additional vector data types; and 3. Improved fully automatic generation effect to L3.	Year 1: complete the development of AES large-scale real-time generation product (AES6) and begin its commercialization. Year 2: integrate scene data of different technical specifications, such as geological body models and 3DTile, to improve scene elements. Year 3: integrate AI large models to supplement and enhance the generation details of scene elements.	[REDACTED]

FUTURE PLANS AND [REDACTED]

Product	Description/ Background	Goal	Implementation Plan and timeline	Allocation of the estimated [REDACTED]
Digital Twin SaaS Platform (WDP) . . .	WDP is a user-friendly digital twin development platform that provides developers with features such as multi-source data import, intuitive scene creation, low-code development, open APIs, and other digital twin development services.	We aim to provide more open interfaces, support a greater number of scenarios for editing and developing applications, improve platform stability and operational efficiency, allocate the same arithmetic resources to support more concurrency, reduce bandwidth resources to optimize the cost of occupancy, and support the full localization of hardware and software platforms.	Year 1: upgrade management modules to enhance platform stability and deployment efficiency. Year 2: integrate AES6 to provide scene editing and comprehensive development interfaces. Year 3: integrate large model inference and analysis capabilities to evolve into a general-purpose AI platform.	[REDACTED]
Digital infrastructure	In recent years, the government has introduced a series of policies to drive the growth of digital infrastructure securitization. The digital infrastructure sector will facilitate the securitization of data elements, playing a pivotal role in the development of the data elements market. Its future growth will be driven by the rapid expansion of the digital economy and the evolving needs of the financial market. The future of digital infrastructure securitization will be a diversified growth trajectory, with equal emphasis on technological innovation, market expansion, risk management, and sustainable development. This will contribute significantly to the prosperity of the digital economy.	we aim to create a set of benchmark cases and standardized digital infrastructure products.	Year 1: complete the construction of the city basic foundation for a pilot area in a selected city, and develop application themes such as urban planning, construction and governance. Year 2: Integrate AI capabilities to the platform, and incorporate AI planning algorithms to achieve intelligent urban planning. Year 3: expand the pilot area and render it replicable to cover no fewer than 5 regions nationwide.	[REDACTED]

FUTURE PLANS AND [REDACTED]

Product	Description/ Background	Goal	Implementation Plan and timeline	Allocation of the estimated [REDACTED]
[REDACTED] Simulation Engine (ISE)	ISE is a universal digital twin simulation engine. By providing the capabilities of Data Connection and Data Driven, ISE helps digital twin applications upgrading from V2 (data fusion) level to V3 (data driving) level. Furthermore, ISE also provides Simulation Event Management, Simulation Algorithm, and Simulation Visualization, which improve the digital twin applications to V4 (simulating) level.	we aim to develop and access a greater number of simulation algorithms and third-party models to continuously enhance the value of the digital twin simulation predictive dimension application.	Year 1: expand self-developed simulation algorithms for geology and water conservancy purposes, and enable access to third-party algorithm models. Year 2: develop industry-specific large models to enhance digital twin business capabilities. Year 3: form a general intelligent agent (AI Agent) simulation engine with autonomous decision-making capabilities.	[REDACTED]

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for the research and development of 51Sim. More specifically:
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for the recruitment and retention of a dedicated R&D team to develop 51Sim;
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be invested in the acquisition or rental of hardware, cloud resources, software, and data assets to enhance the capabilities of 51Sim;

The allocation by product is set forth in the table below:

Product	Description/ Background	Goal	Implementation Plan and timeline	Allocation of the estimated [REDACTED]
DataOne	DataOne is our data closed-loop and synthetic data platform designed to support intelligent driving simulation testing and training. It integrates advanced data management, data mining and synthetic data generation capabilities to create a robust, high efficient data-	We aim to iteratively improve Dataverse and Synthverse to increase the confidence level and generalization efficiency of simulated and synthesized data, and to significantly reduce costs.	Within the first year of the [REDACTED]: the Dataverse data platform will be enhanced and matured, initiating the research and development of the Synthverse synthetic data platform. Year 1: the Dataverse data platform will facilitate the mass production implementation of	[REDACTED]

FUTURE PLANS AND [REDACTED]

Product	Description/ Background	Goal	Implementation Plan and timeline	Allocation of the estimated [REDACTED]
	driven pipeline. It includes two products: Dataverse and Synthverse.		intelligent driving systems for multiple automotive manufacturers. Synthverse will integrate graphic rendering, 3D reconstruction, and generative AI technologies. Year 3: Dataverse and Synthverse will be fully integrated into a unified system and fuel large model training.	
SimOne	SimOne is our simulation platform for intelligent driving and robotics, which revolutionizes the testing and validation process for intelligent driving and robotics systems. It offers a full-stack solution that integrates various simulation capabilities, enabling precise and efficient processes to simulate, analyze, and refine intelligent systems.	We will continue to iterate SimOne and release new versions to keep up with the pace of mass production of high-level intelligent driving systems and new technology trends in simulation test development. Besides, we aim to develop SimOne into a general AI intelligent simulation platform, targeting industries such as embodied intelligence, engineering machinery, and agriculture.	Year 1: Expand to multiple industries including mining, agriculture, etc. Year 2: upgrade to an embodied intelligence simulation platform. Year 3: upgrade to a general AI intelligence simulation platform.	[REDACTED]
Transportation Information Modeling (TIM) . . .	TIM is a comprehensive application platform for optimizing and improving the operational efficiency and safety of the transportation system through the comprehensive use of digital twins, big data, big models, AI technology and other	We will continue to enhance the capabilities of TIM Datalink through iterative upgrades. The transportation simulation platform subsystem, TIM, will be refined through the integration of AI technology and traditional methods. The transportation	Year 1: complete the integrated development of platform AI intelligent planning and traffic simulation, train traffic large models for specific traffic sub-domains, and initially form a data flywheel for perception, analysis,	[REDACTED]

FUTURE PLANS AND [REDACTED]

<u>Product</u>	<u>Description/Background</u>	<u>Goal</u>	<u>Implementation Plan and timeline</u>	<u>Allocation of the estimated [REDACTED]</u>
	advanced means. It aims to provide auxiliary decision-making for planning, construction and management so that participants can better understand, analyze, optimize and use the transportation system.	model application service subsystem, TIM TransAI, will be upgraded to support the full spectrum of pan-transportation, encompassing air, space, sky, and sea, while reducing costs and enhancing efficiency.	prediction, and decision-making. Year 2: complete the comprehensive AI upgrade of platform elements, simulation and application modules, and build a general traffic derivative large model system. Year 3: launch new AI data products for the general transportation industry through the combination of large models and platforms, and support user customization.	

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for the research and development of 51Earth. More specifically:
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for the recruitment and retention of a dedicated R&D team to develop 51Earth;
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be invested in the acquisition or rental of hardware, cloud resources, and software to enhance the capabilities of 51Earth;

The allocation by product is set forth in the table below:

<u>Product</u>	<u>Description/Background</u>	<u>Goal</u>	<u>Implementation Plan and timeline</u>	<u>Allocation of the estimated [REDACTED]</u>
51Earth Builder and 51Earth Dev Kit . . .	51Earth Builder is a 3D scene creation and editing tool designed for 3D creators, 2D designers, and general users. Its graphical interface and modularized components streamline the process, reducing the complexity of operation. 51Earth Dev Kit is	We will continue to iteratively improve 51Earth Builder and 51Earth Dev Kit to help builders and developers create rich 3D applications and videos more easily and with a lower technical barrier. Through continuous iterative upgrades	Year 1: enrich digital twin assets, optimize the editor, and develop AI creation tools to make it possible for ordinary users to participate in co-building a “Digital Twin Earth” with low barriers to entry. Year 2: launch Web3 incentive plans to accelerate	[REDACTED]

FUTURE PLANS AND [REDACTED]

Product	Description/ Background	Goal	Implementation Plan and timeline	Allocation of the estimated [REDACTED]
	designed for use by developers. It currently supports two major engines, Unreal and WDP, and will support other 3D game and real-time graphics engines. Developers can use this tool to edit various elements, including roads, terrain, and water.	in the future, builders and developers will be able to share global data, utilize official or self-imported 3D asset libraries and editing tools to construct and develop applications collectively. 51Earth Builder is not only an authoring tool, but will also add more game-like content in the future. In the future, the data interoperability between 51Earth Builder and 51Earth Dev Kit will be realized in 51Earth.com, enabling users to create and publish cities in 51Earth Builder, develop apps in 51Earth Dev Kit, and support multi-person team collaboration and revenue sharing. This will foster greater creative enthusiasm and innovation potential.	the joining of builders and developers to creating a digital twin of the Earth. Year 3: create and support benchmark builders and development applications, with products that are capable to reach a larger group of users and consumers.	
Short 3A	Short 3A is an innovative 3D short-form content platform currently under development that combines computer graphics engine, 3D assets, and AI technology to enable content creators to produce	Short3A will leverage AI and 3D technology to continuously produce original 3A short videos and series to revolutionize the traditional 3D content industry. By integrating AI-driven creativity	Year 1: establish mass production SOP based on 3D+AI technology, enabling mass production of 3D+AI short dramas. Year 2: launch the Short3A platform, continuously enriching short	[REDACTED]

FUTURE PLANS AND [REDACTED]

Product	Description/ Background	Goal	Implementation Plan and timeline	Allocation of the estimated [REDACTED]
	immersive digital experiences;	with advanced 3D rendering, we aim to provide a richer and more immersive visual experience. We plan to collaborate with global creators to release Short3A content targeting audiences in major cities worldwide, achieving revenue growth through a subscription model.	drama content themes and interactive game. Year 3: build an AI-generated content platform, forming an active community ecosystem where users create, share, and interact.	
See3	See3 is an integrated solution currently under development for the tourism sector that leverages VR/MR technology and AI-powered avatars to create immersive digital experiences at cultural and tourist destinations.	We will continue to leverage AI and VR/MR technology and our 3D digital assets to introduce content-based products related to immersive digital tourism experiences. By integrating AI technology, we aim to provide tourists with personalized virtual experiences through digital avatars. Additionally, we will establish close cooperative relationships with scenic area managers and tourism operators to expand our product coverage, optimize performance, build a membership system, and develop derivative businesses, all with the goal of creating a globally renowned cultural and tourism digital asset experience brand.	Year 1: complete the integration of 100 scenic spots, empowering tourist experiences with 3D+ AI technology. Year 2: complete the integration of 1,000 scenic spots, with an aim to develop See3 AI tour guide into the preferred choice for tourists’ visits. Year 3: Continuously improve the spatial intelligent experience of AI+3D, expanding tourist habits from during visits to before visits.	[REDACTED]

FUTURE PLANS AND [REDACTED]

Implementation Plan for Research and Development Initiatives by Nature

We plan to significantly expand our R&D team over the next three years through the recruitment of approximately 50 to 100 additional R&D personnel. These new hires are expected to possess strong educational backgrounds, primarily in computer science, software engineering, artificial intelligence, and related fields. The candidates are expected to have bachelor’s degree or above, with preference given to candidates with postgraduate degrees. The candidates we seek typically shall have 1 to 10 years industry experience in digital twin related industries. Across our business lines, we plan to recruit 15 to 35 personnel for 51Aes with expected average annual salary ranging from RMB0.35 million to RMB0.6 million, 15 to 35 personnel for 51Sim with expected average annual salary ranging from RMB0.35 million to RMB0.6 million, and 15 to 35 personnel for 51Earth with expected average annual salary ranging from RMB0.35 million to RMB0.6 million, with actual compensation depending on the ranking of their positions.

Our planned R&D recruitment follows a strategic optimization of our R&D team over the past two years, during which we optimized our organizational structure and resource allocation to enhance operational. Our planned recruitment reflects our strategic expansion into new business domains and product lines while maintaining our commitment to technological innovation as the cornerstone of our business strategy and continuous iteration of existing products. Such planned recruitment is justified by (i) our expansion into new business domains (such as consumer-facing applications under 51Earth), (ii) our continuous improvement of existing products, (iii) our consistent historical prioritization of R&D investment, (iv) the technology-intensive nature of our software development business model, and (v) our strategic talent acquisition plan focused on specialized skills. As such, we consider the recent decrease in R&D expenses represents a phase of optimization that has prepared us for both continued iteration of our existing commercialized products and targeted expansion into new technological areas and product lines.

Our planned acquisition and rental of resources over the next three years will primarily include: (a) acquiring hardware, such as CPU servers, development hosts, laptops, etc., for software development purposes, the quantity of which will be determined based on ongoing project requirements at the time; (b) acquire software licenses for operating systems, design software, development tools, etc. for software development purposes, with quantities to be determined according to operational needs; and (c) acquiring specialized data assets including vehicle-side, roadside, and drone-collected structured traffic data, 3D models, driving scenario libraries, etc. for 51Sim to enhance our training datasets for AI models and simulation accuracy.

FUTURE PLANS AND [REDACTED]

The table below sets forth the expected allocation of the [REDACTED] for R&D initiatives by nature and timeline.

	Year 1	Year 2	Year 3	Total
R&D personnel recruitment and retention	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- 51Aes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- 51Sim	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- 51Earth	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition and rental of resources	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Hardware				
51Aes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
51Sim	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
51Earth	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Software				
51Aes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
51Sim	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
51Earth	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Cloud resources				
51Aes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
51Sim	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
51Earth	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Data assets for 51Sim	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note: our implementation plan is subject to many uncertainties and unpredictable factors, in particular, the risk factors listed in the section headed “Risk Factors” of this document. As such, we cannot assure you that the plan will be materialized in accordance with the estimated time frame and that our future plans will be accomplished at all.

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for marketing activities in China and overseas. More specifically:
 - approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used for global expansion initiatives, including (i) corporate customer promotion through participation in local exhibitions, overseas business development activities, such as the establishment of overseas office space, recruitment of local sales and customer service teams to better serve international customers, and (ii) individual customer and developer promotion through various channels such as placing KOL on social media platforms, developing and optimizing international websites with search engine optimization, and coordinating strategic news media placements. We will also organize largescale international summits and city-specific workshops across major global cities, host regular online events and technical courses for individual developers, and build active online developer communities, all aimed to attract more participants, promote product awareness, and optimize the level of service to customers and developers;

We currently plan that our global expansion initiatives will initially focus on deepening our presence in regions where we have already established pilot projects, such as Singapore, Turkey, and Australia. We plan to build upon our initial successes in these markets by expanding existing implementations and developing new

FUTURE PLANS AND [REDACTED]

connections with current partners. For details, see “Business—Our Strategies—Expand global market reach with digital twin solutions.”

Prior to entering each overseas market, we will conduct comprehensive regulatory reviews to ensure compliance with local requirements. While our software and digital solutions generally do not require industry-specific operating licenses, we will obtain necessary business registrations and permits as required by local laws and regulations. These may include, but are not limited to, corporate establishment approvals, data privacy and protection certifications, and compliance with local technology service standards. We will also evaluate and comply with requirements related to cross-border data transfer, local data storage, and cybersecurity measures specific to each jurisdiction. Where required, we also intend to work with local legal counsel to monitor regulatory developments and ensure ongoing compliance in all operating jurisdictions.

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to be used strengthen marketing activities in China, including (i) corporate customer promotion through participation in industry summits and small closed-door salons, and (ii) individual customer and developer promotion through organizing professional events such as Earth Clone conferences or developer forums to promote our solutions and services;
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], is expected to 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], the [REDACTED] of the [REDACTED] will increase or decrease by approximately [REDACTED], respectively. If we set the final [REDACTED] to be above or below the mid-point of the [REDACTED], we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro rata basis.

The additional [REDACTED] that we would receive if the [REDACTED] were exercised in full would be (i) [REDACTED] (assuming an [REDACTED] per H Share, being the Maximum [REDACTED]), (ii) [REDACTED] (assuming an [REDACTED] per H Share, being the mid-point of the [REDACTED]) or (iii) [REDACTED] (assuming an [REDACTED] per H Share, being the Minimum [REDACTED]).

To the extent that the [REDACTED] from the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may 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 required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may allocate such funds to short-term interest-bearing deposits with licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions), so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[54], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING 51WORLD DIGITAL TWIN TECHNOLOGY CO., LTD., AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Beijing 51WORLD Digital Twin Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-[54], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023, 2024 and June 30, 2025, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-[54] 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 H shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for historical financial information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical

APPENDIX I

ACCOUNTANTS’ REPORT

Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at December 31, 2022, 2023, 2024 and June 30, 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of the comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended June 30, 2024 and other explanatory information (the “Stub Period Corresponding Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

APPENDIX I

ACCOUNTANTS’ REPORT

Dividends

We refer to note [25(e)] to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
[Date]

APPENDIX I**ACCOUNTANTS’ REPORT**

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by 畢馬威華振會計師事務所(特殊普通合伙) KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of comprehensive income

(Expressed in Renminbi (“RMB”))

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue	4	169,977	256,302	287,362	33,215	53,820
Cost of sales		(59,571)	(117,280)	(140,478)	(16,617)	(31,693)
Gross profit		110,406	139,022	146,884	16,598	22,127
Other net income	5	12,089	11,684	10,353	4,226	5,096
Selling expenses		(58,217)	(51,352)	(58,195)	(25,182)	(34,255)
General and administrative expenses		(54,058)	(50,332)	(89,597)	(26,172)	(46,084)
Research and development expenses		(134,206)	(102,907)	(58,312)	(28,585)	(30,137)
Impairment losses on trade and other receivables and contract assets		(4,183)	(9,902)	(22,155)	(2,337)	(7,379)
Loss from operations		(128,169)	(63,787)	(71,022)	(61,452)	(90,632)
Finance costs	6(a)	(3,949)	(6,307)	(5,603)	(2,963)	(2,963)
Changes in carrying amount of financial instruments issued to investors	22	(57,400)	(15,676)	—	—	—
Share of results of associates	14	(267)	(1,257)	(875)	(652)	(454)
Loss before tax	6	(189,785)	(87,027)	(77,500)	(65,067)	(94,049)
Income tax	7	—	(50)	(1,472)	—	—
Loss for the year		(189,785)	(87,077)	(78,972)	(65,067)	(94,049)
Other comprehensive income for the year/ period (after tax)						
Item that may be reclassified subsequently to profit or loss:						
Exchange difference on translation into presentation currency		40	47	(61)	(400)	(368)
Total comprehensive income for the year/ period		(189,745)	(87,030)	(79,033)	(65,467)	(94,417)
Loss for the year attributable to:						
- Equity shareholders of the Company		(189,840)	(85,595)	(79,127)	(63,499)	(91,120)
- Non-controlling interests		55	(1,482)	155	(1,568)	(2,929)
		(189,785)	(87,077)	(78,972)	(65,067)	(94,049)
Total comprehensive income for the year/ period attributable to:						
- Equity shareholders of the Company		(189,800)	(85,548)	(79,188)	(63,899)	(91,488)
- Non-controlling interests		55	(1,482)	155	(1,568)	(2,929)
		(189,745)	(87,030)	(79,033)	(65,467)	(94,417)
Loss per share	10					
Basic and diluted(RMB)		(0.52)	(0.19)	(0.21)	(0.17)	(0.24)

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of financial position

(Expressed in RMB)

	Note	At December 31,			As at June 30,
		2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
Non-current assets					
Property and equipment	11	9,062	6,566	3,852	2,904
Right-of-use assets	12	49,347	32,378	19,420	14,097
Intangible assets	13	1,759	2,616	1,784	3,081
Interest in associates	14	3,751	2,494	1,869	1,415
Other financial assets	15	186,807	61,144	40,000	40,000
Prepayments	17(b)	—	—	42,680	36,000
Financial assets measured at fair value through profit or loss (“FVPL”)		—	—	—	15,000
		<u>250,726</u>	<u>105,198</u>	<u>109,605</u>	<u>112,497</u>
Current assets					
Inventories	16	78,954	19,629	22,819	29,475
Contract assets	4(b)	6,715	8,026	11,538	10,180
Trade and other receivables	17(a)	76,254	107,849	194,898	140,588
Prepayments	17(b)	3,083	2,560	60,060	65,589
Other financial assets	15	—	88,000	77,565	48,875
Restricted cash		9,699	3,100	23,270	23,317
Cash and cash equivalents	18	78,911	40,326	134,462	166,233
		<u>253,616</u>	<u>269,490</u>	<u>524,612</u>	<u>484,257</u>
Current liabilities					
Trade and other payables	19	127,747	93,295	182,114	154,060
Contract liabilities	4(b)	111,345	26,490	25,537	34,469
Bank and other loans	20	92,939	118,662	149,043	211,228
Lease liabilities	21	14,913	12,265	12,595	11,268
Financial instruments issued to investors	22	1,056,739	—	—	—
Income tax payable		—	50	1,508	1,465
		<u>1,403,683</u>	<u>250,762</u>	<u>370,797</u>	<u>412,490</u>
Net current (liabilities) / assets		<u>(1,150,067)</u>	<u>18,728</u>	<u>153,815</u>	<u>71,767</u>
Total assets less current liabilities		<u>(899,341)</u>	<u>123,926</u>	<u>263,420</u>	<u>184,264</u>
Non-current liabilities					
Lease liabilities	21	36,285	20,847	8,512	4,316
Net (liabilities) / assets		<u>(935,626)</u>	<u>103,079</u>	<u>254,908</u>	<u>179,948</u>
Equity					
Share capital	25	365,000	365,000	382,381	382,381
Reserves	25	(1,300,681)	(266,269)	(138,489)	(210,571)
Total (deficit)/equity attributable to equity shareholders of the Company		<u>(935,681)</u>	<u>98,731</u>	<u>243,892</u>	<u>171,810</u>
Non-controlling interests		<u>55</u>	<u>4,348</u>	<u>11,016</u>	<u>8,138</u>
Total (deficit)/equity		<u>(935,626)</u>	<u>103,079</u>	<u>254,908</u>	<u>179,948</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Statements of financial position of the Company

(Expressed in RMB)

		At December 31,			As at June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property and equipment		3,156	2,934	1,589	1,222
Right-of-use assets	12	14,694	8,692	4,428	2,297
Intangible assets		1,492	2,322	1,547	2,872
Interest in subsidiaries	1	102,282	98,541	249,257	242,719
Other financial assets	15	186,807	61,144	30,000	30,000
Trade and other receivables	17(a)	167,292	235,765	180,532	220,574
Prepayments	17(b)	—	—	1,680	—
		475,723	409,398	469,033	499,684
Current assets					
Inventories	16	62,403	8,775	14,889	11,322
Contract assets	4(b)	4,520	6,860	9,973	9,168
Trade and other receivables	17(a)	66,623	90,771	169,990	124,782
Prepayments	17(b)	2,824	1,987	14,326	21,450
Other financial assets	15	—	54,565	—	589
Restricted cash		9,699	3,100	23,270	23,317
Cash and cash equivalents	18	56,724	29,196	39,407	47,242
		202,793	195,254	271,855	237,870
Current liabilities					
Trade and other payables	19	165,624	125,958	167,116	157,979
Contract liabilities		97,653	18,807	21,851	22,892
Bank and other loans	20	81,869	108,192	133,573	183,758
Lease liabilities	21	4,750	5,466	4,417	2,209
Financial instruments issued to investors	22	1,056,739	—	—	—
		1,406,635	258,423	326,957	366,838
Net current liabilities		(1,203,842)	(63,169)	(55,102)	(128,968)
Total assets less current liabilities		(728,119)	346,229	413,931	370,716
Non-current liabilities					
Lease liabilities	21	9,996	3,781	—	—
Net (liabilities) / assets		(738,115)	342,448	413,931	370,716
Equity					
Share capital	25	365,000	365,000	382,381	382,381
Reserves	25	(1,103,115)	(22,552)	31,550	(11,665)
Total (deficit)/equity		(738,115)	342,448	413,931	370,716

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of changes in equity

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserve	Exchange reserve	Accumulated losses		
		RMB’000 (Note 25(a))	RMB’000 (Note 25(b)(i))	RMB’000 (Note 25(b)(ii))	RMB’000 (Note 25(b)(iii))	RMB’000	RMB’000	RMB’000
Balance at January 1, 2022		364,634	300,423	(815,204)	105	(520,757)	(670,799)	(670,799)
Loss for the year		—	—	—	—	(189,840)	55	(189,785)
Other comprehensive income		—	—	—	40	—	—	40
Total comprehensive income		—	—	—	40	(189,840)	55	(189,745)
Issuance of shares	25(a)	366	7,899	—	—	—	8,265	8,265
Effect of transfer of shares of the Company with redemption rights	22	—	—	(83,347)	—	—	(83,347)	(83,347)
Balance at December 31, 2022 and January 1, 2023		365,000	308,322	(898,551)	145	(710,597)	(935,681)	(935,626)
Loss for the year		—	—	—	—	(85,595)	(1,482)	(87,077)
Other comprehensive income		—	—	—	47	—	—	47
Total comprehensive income		—	—	—	47	(85,595)	(1,482)	(87,030)
Termination of the redemption obligation	22	—	—	1,072,415	—	—	—	1,072,415
Equity settled share-based transactions		—	3,166	—	—	—	154	3,320
Capital contribution from non-controlling interests (“NCI”)	25(b)	—	44,379	—	—	—	5,621	50,000
Balance at December 31, 2023 and January 1, 2024		365,000	355,867	173,864	192	(796,192)	4,348	103,079
Loss for the year		—	—	—	—	(79,127)	155	(78,972)
Other comprehensive income		—	—	—	(61)	—	—	(61)
Total comprehensive income		—	—	—	(61)	(79,127)	155	(79,033)
Issuance of shares	25(a)	17,381	182,619	—	—	—	—	200,000
Equity settled share-based transactions		—	21,870	—	—	—	92	21,962
Disposal of NCI	25(b)	—	7,895	—	—	—	(3,895)	4,000
Capital contribution from NCI		—	—	—	—	—	4,900	4,900
Capital contribution to subsidiaries		—	(5,416)	—	—	—	5,416	—
Balance at December 31, 2024 and January 1, 2025		382,381	562,835	173,864	131	(875,319)	11,016	254,908
Loss for the year		—	—	—	—	(91,120)	(2,929)	(94,049)
Other comprehensive income		—	—	—	(368)	—	—	(368)
Total comprehensive income		—	—	—	(368)	(91,120)	(2,929)	(94,417)
Equity settled share-based transactions		—	19,406	—	—	—	51	19,457
Balance at and June 30, 2025		382,381	582,241	173,864	(237)	(966,439)	8,138	179,948
(Unaudited)								
Balance at January 1, 2024		365,000	355,867	173,864	192	(796,192)	4,348	103,079
Loss for the period		—	—	—	—	(63,499)	(1,568)	(65,067)
Other comprehensive income		—	—	—	(400)	—	—	(400)
Total comprehensive income		—	—	—	(400)	(63,499)	(1,568)	(65,467)
Issuance of shares	25(a)	17,381	182,619	—	—	—	—	200,000
Equity settled share-based transactions		—	2,752	—	—	—	54	2,806
Balance at June 30, 2024		382,381	541,238	173,864	(208)	(859,691)	2,834	240,418

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated cash flow statements

(Expressed in RMB)

		Year ended December 31,			Six months ended June 30,	
	Note	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Net cash used in operations	18(a)	(104,285)	(132,879)	(114,259)	(49,975)	(41,654)
Income tax paid		—	—	(14)	(14)	(43)
Net cash used in operating activities		(104,285)	(132,879)	(114,273)	(49,989)	(41,697)
Cash flows from investing activities						
Payment for the purchase of property and equipment, and intangible assets		(2,620)	(3,405)	(38,569)	(83)	(270)
Payment for purchase of other financial assets		(60,000)	(42,900)	(346,439)	(20,000)	(249,760)
Payment for acquisition of associates		(999)	—	(250)	—	—
Payment for purchase of other investment		—	—	(5,000)	—	(10,000)
Proceeds from disposal of other financial assets		—	80,000	373,996	87,939	276,840
Proceeds from disposal of associates		3,652	—	—	—	—
Proceeds from disposal of property and equipment		124	24	8	—	5
Interest income received from other financial assets		1,119	3,840	7,261	5,934	4,109
Net cash (used in)/generated from investing activities		(58,724)	37,559	(8,993)	73,790	20,924
Cash flows from financing activities						
Proceeds from bank and other loans	18(b)	92,939	144,177	184,643	46,356	157,166
Repayment of bank and other loans	18(b)	(20,918)	(118,454)	(154,262)	(31,307)	(94,981)
Capital element of lease rentals paid	18(b)	(11,564)	(12,851)	(11,142)	(4,531)	(6,252)
Interest element of lease rentals paid	18(b)	(2,559)	(1,741)	(1,230)	(683)	(412)
Other borrowing costs paid	18(b)	(1,194)	(4,427)	(4,323)	(2,230)	(2,551)
Proceeds from shares issued	25(a)	8,265	—	200,000	200,000	—
[REDACTED] paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital contribution from NCI	25(b)	—	50,000	4,900	—	—
Net cash generated from financing activities		64,969	56,704	217,391	207,605	52,533
Net (decrease)/increase in cash and cash equivalents		(98,040)	(38,616)	94,125	231,406	31,760
Cash and cash equivalents at the beginning of the year		176,941	78,911	40,326	40,326	134,462
Effect of foreign exchange rate changes		10	31	11	6	11
Cash and cash equivalents at the end of the year	18	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of Historical Financial Information

Beijing 51WORLD Digital Twin Technology Co., Ltd. (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC”) on February 16, 2015 and was converted into a joint stock limited liability company on December 1, 2020.

The Company and its subsidiaries (together, “the Group”) are principally engaged in the sale of digital twin related software platform and related services. The Group’s three core businesses are 51Aes (digital twin platform), 51Sim (synthetic data and simulation platform) and 51Earth (digital earth platform).

The statutory audited financial statements of the Company for the years ended December 31, 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China and audited by Beijing Bochen Yiheng Certified Public Accountants (General Partnership). As at the date of this report, the Company has interests in the following principal subsidiaries, all of which are private limited liability companies:

Company name	Place and date of establishment and operations	Particulars of paid up capital	Proportion of ownership interest held by the Company	Principal activities
Beijing 51Sim Technology Co., Ltd. (“Beijing 51Sim”) (萬物鏡像（北京）計算機系統有限公司)	PRC, June 1, 2015	RMB12,176,021	89%	Provision of 51Sim services
Mirrorverse Technology (Chengdu) Co., Ltd. (萬物鏡像科技（成都）有限公司)	PRC, January 15, 2018	RMB10,000,000	100%	Provision of 51Aes services
Mirrorverse (Shanghai) Technology Co., Ltd. (萬物鏡像（上海）科技有限公司)	PRC, August 26, 2020	RMB10,000,000	100%	Provision of 51Aes services

The statutory financial statements of Beijing 51Sim were prepared in accordance with the Accounting Standards for Business Enterprises and audited by Beijing Yihuan Certified Public Accountants (General Partnership) for the year ended December 31, 2022, and Beijing Qisheng Certified Public Accountants (General Partnership) for the year ended December 31, 2023.

The statutory financial statements of Mirrorverse (Shanghai) Technology Co., Ltd. were prepared in accordance with the Accounting Standards for Business Enterprises and audited by Shanghai Shunzheng Certified Public Accountants (General Partnership) for the year ended December 31, 2022.

All companies now comprising the Group have adopted December 31, as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new or revised

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**1 Basis of preparation and presentation of Historical Financial Information (continued)**

accounting standards issued but not yet effective for the accounting period beginning on January 1, 2025, the details of which are set out in note 30.

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 accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information. The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 Material accounting policy information**(a) Basis of measurement**

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the bank structured deposits, financial assets measured at FVPL and redemption liabilities, the measurement basis of which was disclosed in notes 2(e), 2(e) and 2(p) respectively.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any NCI either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(n) or (o), depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“OCI”) of those investees, until the date on which significant influence ceases.

When the Group’s share of losses exceeds its interest in the associate, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group’s net investment in the associate, after applying the expected credit loss (“ECL”) model to such other long-term interests where applicable (see note 2(i)(i)).

APPENDIX I

ACCOUNTANTS' REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses (see note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- FVOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument by-instrument basis, but may only be made if the investment meets the [REDACTED] of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2 Material accounting policy information (continued)

(f) *Property and equipment*

Property and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(i)).

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

• Furniture and equipment	3 - 5 years
• Vehicles	4 years
• Leasehold improvements	Shorter of useful life or lease term
• Right-of-use assets	Shorter of useful life or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) *Intangible assets*

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses (see note 2(i)).

Other intangible assets that are acquired by the Group and have [REDACTED] useful lives are measured at cost less accumulated amortization and any accumulated impairment loss (see note 2(i)).

Amortization is calculated to write off the cost of acquired software less their estimated residual values using the straight-line method over their estimated useful lives of 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) *Leased assets*

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

APPENDIX I**ACCOUNTANTS’ REPORT**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)****(i) As a lessee**

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f) and 2(i)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)****(i) Credit loss and impairment of assets****(i) Credit loss from financial instruments and contract assets**

The Group recognizes a loss allowance for ECLs on:

- financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables); and
- contract assets (see note 2(k));

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation there of;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)****(ii) Impairment of other non-current assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss and are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) *Inventories and other contract costs***(i) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the specific cost method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the cost to fulfill a contract with a customer which are not capitalized as inventory, property and equipment or intangible assets.

The Group takes advantage of practical expedient in paragraph 94 of the IFRS 15 and recognizes the incremental costs of obtaining a contract as an expense if the amortization of the asset that the Group otherwise would have recognized is one year or less.

Costs to fulfill a contract are capitalized if the costs related directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, property and equipment or intangible assets, are expensed as incurred.

(k) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 2(t)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Some of the Group’s customers may request retention as a security against the quality of the products during the warranty period. According to the contract, the retention portion is payable by the customer after the Group has fulfilled its warranty obligation. The retention portion is recognized as contract assets until the warranty period expires and the right to consideration becomes unconditional. Contract assets are assessed for ECLs (see note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 2(l)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(t)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(l) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(i)(i)).

APPENDIX I**ACCOUNTANTS’ REPORT**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)****(n) Trade and other payables**

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with note 2(v).

(p) Redemption liabilities

A contract that contains an obligation for the Company to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability even if the Company’s obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of financial instruments issued to investors.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty’s right to request the Company to redeem its own equity instruments.

(q) Employee benefits**(i) Short-term employee benefits and contributions to defined contribution retirement plans**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(iii) Share-based payments

The equity-settled share-based payments granted to employees is measured at grant date fair value. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted

APPENDIX I

ACCOUNTANTS' REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which

APPENDIX I**ACCOUNTANTS’ REPORT**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group’s business.

Further details of the Group’s revenue and other income recognition policies are as follows:

- (i) Revenue from contracts with customers
- (a) Sales of software platform, hardware and related services

Revenue arising from the sale of software platform and also from the sale of software platform together with software-embedded hardware as an integrated solution is accounted for as a single performance obligation. Revenue is recognized at a point in time when the software and the hardware (if applicable) are delivered to the customer’s designated place, inspected and accepted by the customer. In other circumstance, the software platform is delivered to end users for usage with a subscription period, the revenue is recognized over the subscription period.

The maintenance and upgrade services after sale are provided to maintain and improve the effectiveness of the software and therefore are accounted for as a separate performance obligation, and are recognized over the service period.

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the transaction price allocated to the remaining performance obligation at the end of each reporting period as the Group’s sale contracts have an original expected duration of less than 1 year.

APPENDIX I**ACCOUNTANTS’ REPORT**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)****(ii) Revenue from other sources and other income****(a) Dividends**

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(b) Interest income

Interest income is recognized using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(c) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income in the statement of financial position and are subsequently recognized in profit or loss over the useful life of the asset.

(u) *Translation of foreign currencies*

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall

APPENDIX I

ACCOUNTANTS' REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)**

be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the year in which they are incurred.

(w) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- a. has control or joint control over the Group;
- b. has significant influence over the Group; or
- c. is a member of the key management personnel of Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- a. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- b. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- c. Both entities are joint ventures of the same third party.
- d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- e. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- f. The entity is controlled or jointly controlled by a person identified in note 2(w)(i).
- g. A person identified in note 2(w)(i)(a) 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).
- h. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

APPENDIX I**ACCOUNTANTS’ REPORT**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**2 Material accounting policy information (continued)****(x) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group determined that it only has one operating segment during the Track Record Period. The Group’s operations are mainly located in the PRC with all of the Group’s non-current assets located in the PRC.

3 Accounting judgments and estimates

In the process of applying the Group’s accounting policies, management has made the following significant accounting estimates:

(i) Allowance for credit losses

Management estimates credit loss allowance using a provision matrix based on the Group’s historical credit loss experience, included customer credit-worthiness, and historical write-off experience, and adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If the financial conditions of the customers were to deteriorate, additional allowance may be required.

(ii) Recognition of deferred tax assets

Deferred tax assets related to deductible temporary differences, tax credits and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the deductible temporary differences, tax credits and tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax expenses in the period in which such estimate is changed.

(iii) Share-based payments

The fair value of share options and restricted shares granted are measured at the respective grant dates based on the fair value of the underlying shares and are amortized through the respective vesting periods. Changes in the assumptions used in the estimation of fair value of the share-based payment and vesting period could significantly impact the determination of share-based compensation expenses.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4 Revenue

(a) Revenue from contracts with customers

The principal activities of the Group are the sale of digital twin related software platform and related services. Disaggregation of revenue from contracts with customers within scope of IFRS 15 is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Disaggregated by major products or service lines					
51Aes	141,627	204,586	236,166	26,014	43,784
51Sim	25,926	42,453	47,595	3,804	7,942
51Earth	2,424	9,263	3,601	3,397	2,094
	<u>169,977</u>	<u>256,302</u>	<u>287,362</u>	<u>33,215</u>	<u>53,820</u>
Disaggregated by timing of revenue recognition					
Point in time	155,839	248,427	281,899	29,926	51,728
Over time	14,138	7,875	5,463	3,289	2,092
	<u>169,977</u>	<u>256,302</u>	<u>287,362</u>	<u>33,215</u>	<u>53,820</u>
Disaggregated by location of customers					
Chinese Mainland	164,271	250,334	269,143	30,949	53,820
Others	5,706	5,968	18,219	2,266	—
	<u>169,977</u>	<u>256,302</u>	<u>287,362</u>	<u>33,215</u>	<u>53,820</u>

Revenue from each major customer which accounted for 10% or more of the Group’s revenue during the Track Record Period is set out below:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	—	40,487	—	—	—
Customer B	*	26,365	*	*	—
Customer C	—	—	42,566	—	15,511
Customer D	—	*	35,549	—	—
Customer E	—	—	30,566	—	—
	<u>—</u>	<u>—</u>	<u>30,566</u>	<u>—</u>	<u>—</u>

* Less than 10% of the Group’s revenue in the respective year.

(b) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue before being unconditionally entitled to the consideration under the terms in the contract. The amount of contract assets expected to be recovered after more than one year are RMB1,347,000, RMB3,352,000, RMB4,269,000 and RMB4,260,000 as at December 31, 2022, 2023, 2024 and June 30, 2025 respectively, all of which relate to retentions. All of the other contracts assets are expected to be recovered within one year.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4 Revenue (continued)

The contract liabilities primarily relate to the advance consideration received from customers before revenue recognition. These will be recognized as revenue when the Group’s software and the hardware (if applicable) are delivered, inspected and accepted by customers, which is expected to occur over the following year. All contract liabilities at January 1, 2022 and 2023 were recognized as revenue in the respective years. The amount of RMB24,913,000 included in contract liabilities as at January 1, 2024 has been recognized as revenue as at December 31, 2024. The amount of RMB8,218,000 included in contract liabilities as at January 1, 2025 has been recognized as revenue during the six months ended June 30, 2025.

5 Other net income

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Government grants	3,573	2,997	2,870	1,445	775
Interest income	6,376	5,369	6,685	2,300	3,567
Additional deductible value added tax (“VAT”)	87	1,293	—	—	—
Net gain/(loss) on disposals of property and equipment and termination of right-of-use assets	1,704	501	(35)	—	1
Others	349	1,524	833	481	753
	<u>12,089</u>	<u>11,684</u>	<u>10,353</u>	<u>4,226</u>	<u>5,096</u>

6 Loss before tax

Loss before tax is arrived at after charging:

(a) Finance costs

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Interest on bank and other loans	1,194	4,427	4,323	2,230	2,551
Interest on lease liabilities	2,559	1,741	1,230	683	412
Other interest expense	196	139	50	50	—
	<u>3,949</u>	<u>6,307</u>	<u>5,603</u>	<u>2,963</u>	<u>2,963</u>

(b) Staff costs

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Salaries, wages and other benefits	218,746	170,078	134,264	69,899	66,419
Contributions to defined contribution retirement schemes	16,066	17,195	15,923	8,642	7,595
Share-based payment	—	3,320	21,962	2,806	19,457
	<u>234,812</u>	<u>190,593</u>	<u>172,149</u>	<u>81,347</u>	<u>93,471</u>

Employees of the Group in the PRC are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6 Loss before tax (continued)

contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the schemes to fund the retirement benefits of the employees. Contributions to the schemes vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) Other items

Note	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amortization	13	1,811	1,181	832	418
Depreciation of property and equipment	11	3,759	3,837	3,594	2,408
Depreciation of right-of-use assets	12	14,334	12,267	12,084	6,040
Research and development expenses . . .		134,206	102,907	58,312	28,585
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditors’ remuneration		55	60	50	—

Research and development expenses include staff costs, depreciation and amortization expenses, the amounts of which are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 Income tax in the consolidated statements of comprehensive income

(a) Income tax in the consolidated statements of comprehensive income represents:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax	—	(50)	(1,472)	—	—
Deferred tax	—	—	—	—	—
Income tax	—	(50)	(1,472)	—	—

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(189,785)	(87,027)	(77,500)	(65,067)	(94,049)
Tax calculated at statutory tax rates applicable to loss in the respective jurisdictions	50,755	22,768	18,987	17,465	24,229
Tax effect of:					
Additional deductible allowance for research and development expenses	17,210	14,505	8,061	4,803	3,715
Tax effect of tax losses and temporary differences not recognized	(42,556)	(27,651)	(23,495)	(14,672)	(20,347)
Statutory tax concession	(16,016)	(6,306)	(4,689)	(7,442)	(7,538)
Non-deductible expenses	(9,393)	(3,366)	(336)	(154)	(59)
Actual tax expenses	—	(50)	(1,472)	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

7 Income tax in the consolidated statements of comprehensive income (continued)

In accordance with the Enterprise Income Tax Law (“Income Tax Law”) of the PRC, the statutory income tax rate is 25%. The group entities in the PRC are subject to PRC income tax at 25% unless otherwise specified.

The Company and certain subsidiaries of the Group were recognized as high and new technology enterprises and enjoyed the preferential tax rate of 15% during the Track Record Period.

During the period from January 1, 2022 to September 30, 2022, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations. From October 1, 2022, deductible rate increased from 75% to 100%.

Taxation for group entities in other tax jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

The Group is in the process of making an assessment of the Group’s exposure from the enactment of the Pillar Two model rules published by the Organization for Economic Co-operation and Development and considers that the enactment of the rules is unlikely to have a significant impact on the results of the Group.

8 Directors’ and supervisors’ emoluments

Directors’ and supervisors’ emoluments are as follows:

	Year ended December 31, 2022					
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors						
Mr Li	—	485	—	67	552	—
Mr Wu Yaguang	—	658	3	81	742	—
Ms Zhang Yuwei	—	600	1	63	664	—
Mr Zhang Fan (resigned on June 28, 2022)	—	346	78	30	454	—
Mr Bao Shiqiang (appointed on June 28, 2022)	—	536	—	81	617	—
Mr Lyu Jinrong	—	—	—	—	—	—
Mr Wang Jing	—	—	—	—	—	—
Mr Wen Jiangtao	100	—	—	—	100	—
Ms Hong Yanrong	100	—	—	—	100	—
Mr Wang Quanxi	100	—	—	—	100	—
Supervisors						
Ms Du Jinyan	—	504	—	85	589	—
Mr Hou Tao	—	653	—	81	734	—
Ms Hou Jingjing	—	327	—	53	380	—
	<u>300</u>	<u>4,109</u>	<u>82</u>	<u>541</u>	<u>5,032</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8 Directors’ and supervisors’ emoluments (continued)

Year ended December 31, 2023

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr Li	—	283	—	71	354	—	354
Mr Wu Yaguang (resigned on November 20, 2023)	—	447	—	75	522	65	587
Mr Wang Chenkang (appointed on November 20, 2023)	—	427	—	69	496	—	496
Mr Wang Zhipeng (appointed on November 20, 2023)	—	472	—	75	547	—	547
Ms Zhang Yuwei	—	412	—	69	481	—	481
Mr Bao Shiqiang (resigned on October 27, 2023)	—	473	3	75	551	65	616
Mr Lyu Jinrong	—	—	—	—	—	—	—
Mr Wang Jing	—	—	—	—	—	—	—
Mr Wen Jiangtao	100	—	—	—	100	—	100
Ms Hong Yanrong	100	—	—	—	100	—	100
Mr Wang Quanxi	100	—	—	—	100	—	100
Supervisors							
Ms Du Jinyan	—	424	—	73	497	129	626
Mr Hou Tao	—	478	—	75	553	65	618
Ms Hou Jingjing	—	298	—	52	350	—	350
	<u>300</u>	<u>3,714</u>	<u>3</u>	<u>634</u>	<u>4,651</u>	<u>324</u>	<u>4,975</u>

Year ended December 31, 2024

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr Li	—	348	—	72	420	11,403	11,823
Mr Wang Chenkang	—	643	—	73	716	—	716
Mr Wang Zhipeng (resigned on April 23, 2024)	—	84	—	13	97	—	97
Ms Zhang Yuwei	—	439	—	73	512	476	988
Ms Tong Shan (appointed on April 23, 2024)	—	484	116	49	649	647	1,296
Mr Lyu Jinrong	—	—	—	—	—	—	—
Mr Wang Jing (resigned on August 6, 2024)	—	—	—	—	—	—	—
Ms Pu Ge (appointed on August 9, 2024)	—	225	—	31	256	—	256
Mr Wen Jiangtao (resigned on September 16, 2024)	71	—	—	—	71	—	71
Ms Hong Yanrong (resigned on September 16, 2024)	71	—	—	—	71	—	71

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8 Directors’ and supervisors’ emoluments (continued)

Year ended December 31, 2024

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Mr Wang Quanxi (resigned on September 16, 2024)	71	—	—	—	71	—	71
Mr Li Pan (appointed on September 16, 2024)	57	—	—	—	57	—	57
Mr Lin Chen (appointed on September 16, 2024)	57	—	—	—	57	—	57
Mr Zhang Lening (appointed on September 16, 2024)	57	—	—	—	57	—	57
Supervisors							
Ms Du Jinyan (resigned on August 9, 2024)	—	279	—	42	321	647	968
Mr Hou Tao	—	601	—	78	679	323	1,002
Ms Hou Jingjing	—	291	—	52	343	—	343
Mr Kuang Peng (appointed on August 9, 2024)	—	166	—	28	194	—	194
	<u>384</u>	<u>3,560</u>	<u>116</u>	<u>511</u>	<u>4,571</u>	<u>13,496</u>	<u>18,067</u>

Six months ended June 30, 2025

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr Li	—	209	—	36	245	14,278	14,523
Mr Wang Chenkang	—	341	—	37	378	—	378
Ms Zhang Yuwei	—	131	—	37	168	190	358
Ms Tong Shan	—	500	180	37	717	259	976
Mr Lyu Jinrong	—	—	—	—	—	—	—
Ms Pu Ge	—	283	—	37	320	—	320
Mr Li Pan	98	—	—	—	98	—	98
Mr Lin Chen	98	—	—	—	98	—	98
Mr Zhang Lening	98	—	—	—	98	—	98
Supervisors							
Mr Hou Tao	—	307	—	39	346	129	475
Ms Hou Jingjing	—	109	—	26	135	—	135
Mr Kuang Peng	—	205	—	34	239	—	239
	<u>294</u>	<u>2,085</u>	<u>180</u>	<u>283</u>	<u>2,842</u>	<u>14,856</u>	<u>17,698</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8 Directors’ and supervisors’ emoluments (continued)

Six months ended June 30, 2024 (unaudited)

	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr Li	—	114	—	36	150	—	150
Mr Wang Chenkang	—	230	—	36	266	—	266
Mr Wang Zhipeng (resigned on April 23, 2024)	—	84	—	13	97	—	97
Ms Zhang Yuwei	—	181	—	36	217	—	217
Ms Tong Shan (appointed on April 23, 2024)	—	294	—	36	330	129	459
Mr Lyu Jinrong	—	—	—	—	—	—	—
Mr Wang Jing (resigned on August 6, 2024)	—	—	—	—	—	—	—
Mr Wen Jiangtao (resigned on August 6, 2024)	50	—	—	—	50	—	50
Ms Hong Yanrong (resigned on August 6, 2024)	50	—	—	—	50	—	50
Mr Wang Quanxi (resigned on August 6, 2024)	50	—	—	—	50	—	50
Supervisors							
Ms Du Jinyan (resigned on August 9, 2024)	—	192	—	36	228	129	357
Mr Hou Tao	—	235	—	39	274	65	339
Ms Hou Jingjing	—	139	—	26	165	—	165
	<u>150</u>	<u>1,469</u>	<u>—</u>	<u>258</u>	<u>1,877</u>	<u>323</u>	<u>2,200</u>

The directors’ and supervisors’ emoluments represented the amounts paid or payable for their services rendered to the Group since their appointment as directors or supervisors. The emoluments paid to them for service rendered as management prior to their appointments as directors or supervisors are not included in the above tables.

There was no incentive payment for joining the Group or compensation for loss of office paid or payable to any of the directors or supervisors during the Track Record Period. There was no arrangement under which a director or a supervisor has waived or agreed to waive any remuneration during the Track Record Period.

9 Individuals with highest emoluments

The five individuals whose emoluments were the highest in the Group include 1, 1, 1, 0 (unaudited) and 2 directors for the years ended December 31, 2022, 2023, 2024 and six months

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9 Individuals with highest emoluments (continued)

ended June 30, 2024 and 2025, respectively, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining 4, 4, 4, 5 (unaudited) and 3 highest paid individuals during the Track Record Period are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Salaries and other emoluments	4,775	2,860	2,605	1,836	1,283
Discretionary bonuses	751	1,480	472	241	101
Share-based payments	—	970	3,667	1,035	1,079
Retirement scheme contributions	116	143	180	80	39
	<u>5,642</u>	<u>5,453</u>	<u>6,924</u>	<u>3,192</u>	<u>2,502</u>

The emoluments of the above individuals with the highest emoluments are respectively within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals
Nil to HK\$1,000,000	—	—	—	5	2
HK\$1,000,001 to HK\$1,500,000	2	2	—	—	1
HK\$1,500,001 to HK\$2,000,000	1	2	3	—	—
HK\$2,000,001 to HK\$2,500,000	<u>1</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the Track Record Period.

10 Loss per share

(a) Basic loss per share

The calculation of the basic loss per share for the Track Record Period is based on the loss for the year/period attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue, calculated as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Loss attributable to equity shareholders of the Company	(189,840)	(85,595)	(79,127)	(63,499)	(91,120)
Allocation of loss for the year/period attributable to financial instrument issued to investors	<u>110,636</u>	<u>25,420</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss attributable to ordinary equity shareholders of the Company	<u>(79,204)</u>	<u>(60,175)</u>	<u>(79,127)</u>	<u>(63,499)</u>	<u>(91,120)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10 Loss per share (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Weighted average number of ordinary shares (‘000)					
Issued ordinary shares at January 1	364,634	365,000	365,000	365,000	382,381
Effect of issuance of shares	321	—	8,833	191	—
Effect of the financial instruments issued to investors (note 22)	(212,691)	(46,034)	—	—	—
Weighted average number of ordinary shares at December 31/June 30	<u>152,264</u>	<u>318,966</u>	<u>373,833</u>	<u>365,191</u>	<u>382,381</u>

(b) Diluted loss per share

The financial instruments issued to investors (note 22) and the restricted shares and share options issued under the share based payment arrangements (note 23) were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Hence, the diluted loss per share during the Track Record Period were the same as the basic loss per share.

11 Property and equipment

Group

	Furniture and equipment	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Cost:				
At January 1, 2022	9,574	—	6,073	15,647
Additions	1,303	402	813	2,518
Disposals	(1,243)	—	—	(1,243)
At December 31, 2022 and January 1, 2023	9,634	402	6,886	16,922
Additions	270	—	1,097	1,367
Disposals	(225)	—	—	(225)
At December 31, 2023 and January 1, 2024	9,679	402	7,983	18,064
Additions	601	310	—	911
Disposals	(149)	—	(843)	(992)
At December 31, 2024 and January 1, 2025	10,131	712	7,140	17,983
Additions	57	—	138	195
Disposals	(63)	—	—	(63)
At June 30, 2025	<u>10,125</u>	<u>712</u>	<u>7,278</u>	<u>18,115</u>
Accumulated depreciation:				
At January 1, 2022	(4,041)	—	(928)	(4,969)
Charge for the year	(2,489)	(8)	(1,262)	(3,759)
Written back on disposals	868	—	—	868
At December 31, 2022 and January 1, 2023	(5,662)	(8)	(2,190)	(7,860)
Charge for the year	(2,306)	(96)	(1,435)	(3,837)
Written back on disposals	199	—	—	199

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

11 Property and equipment (continued)

	Furniture and equipment	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At December 31, 2023 and January 1, 2024	(7,769)	(104)	(3,625)	(11,498)
Charge for the year	(1,116)	(126)	(2,352)	(3,594)
Written back on disposals	118	—	843	961
At December 31, 2024 and January 1, 2025	(8,767)	(230)	(5,134)	(14,131)
Charge for the period	(232)	(86)	(822)	(1,140)
Written back on disposals	60	—	—	60
At June 30, 2025	(8,939)	(316)	(5,956)	(15,211)
Net book value:				
At December 31, 2022	3,972	394	4,696	9,062
At December 31, 2023	1,910	298	4,358	6,566
At December 31, 2024	1,364	482	2,006	3,852
At June 30, 2025	1,186	396	1,322	2,904

12 Right-of-use assets

Group

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, ...	58,242	49,347	32,378	19,420
Additions	8,671	840	129	729
Disposals	(3,232)	(5,542)	(1,003)	—
Depreciation for the year/period	(14,334)	(12,267)	(12,084)	(6,052)
At December 31/June 30, ...	49,347	32,378	19,420	14,097

Company

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, ...	21,035	14,694	8,692	4,428
Additions	108	174	—	—
Disposals	(1,242)	(1,823)	—	—
Depreciation for the year/period	(5,207)	(4,353)	(4,264)	(2,131)
At December 31/June 30, ...	14,694	8,692	4,428	2,297

The right-of-use assets represented the leased office premises. The additions of right-of-use assets during the Track Record Period represent the capitalized lease payments payable under new tenancy agreements.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

12 Right-of-use assets (continued)

The analysis of the Group’s expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Depreciation charge of right-of-use assets	14,334	12,267	12,084	6,040	6,052
Short-term lease	3,772	3,249	1,299	742	989
Interest on lease liabilities	<u>2,559</u>	<u>1,741</u>	<u>1,230</u>	<u>683</u>	<u>412</u>

Details of total cash outflow for leases and maturity analysis of lease liabilities are set out in notes 18(c) and 21 respectively.

13 Intangible assets

Group

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Cost:				
At January 1, ...	6,393	6,495	8,533	8,533
Additions	<u>102</u>	<u>2,038</u>	<u>—</u>	<u>1,755</u>
At December 31/June 30, ...	<u>6,495</u>	<u>8,533</u>	<u>8,533</u>	<u>10,288</u>
Accumulated amortization:				
At January 1, ...	(2,925)	(4,736)	(5,917)	(6,749)
Charge for the year/period	<u>(1,811)</u>	<u>(1,181)</u>	<u>(832)</u>	<u>(458)</u>
At December 31/June 30, ...	<u>(4,736)</u>	<u>(5,917)</u>	<u>(6,749)</u>	<u>(7,207)</u>
Net book value:				
At December 31/June 30, ...	<u>1,759</u>	<u>2,616</u>	<u>1,784</u>	<u>3,081</u>

The intangible assets represented the acquired software. The amortization was recognized in cost of sales, selling expenses, general and administrative expenses and research and development expenses.

14 Interest in associates

The Group has invested in a number of associates, none of them are individually material. All of the Group’s associates are established in the PRC, unlisted and whose quoted market price is not available.

Aggregate information of the Group’s associates that are not individually material:

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates in the Historical Financial Information	<u>3,751</u>	<u>2,494</u>	<u>1,869</u>	<u>1,415</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14 Interest in associates (continued)

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Aggregate amounts of the Group’s share of those associates’:					
Loss for the year	(267)	(1,257)	(875)	(652)	(454)
Other comprehensive income	—	—	—	—	—
Total comprehensive income	<u>(267)</u>	<u>(1,257)</u>	<u>(875)</u>	<u>(652)</u>	<u>(454)</u>

15 Other financial assets

Group

		At December 31,			As at June 30,
		2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
Non-current					
Fixed deposits	(a)	30,000	30,000	40,000	40,000
Certificates of deposit	(c)	156,807	31,144	—	—
		<u>186,807</u>	<u>61,144</u>	<u>40,000</u>	<u>40,000</u>
Current					
Bank structured deposits	(b)	—	16,039	34,994	36,618
Certificates of deposit	(c)	—	71,961	33,129	—
Fixed deposits		—	—	9,442	12,257
		<u>—</u>	<u>88,000</u>	<u>77,565</u>	<u>48,875</u>

Company

		At 31 December			As at June 30,
		2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
Non-current					
Fixed deposits	(a)	30,000	30,000	30,000	30,000
Certificates of deposit	(b)	156,807	31,144	—	—
		<u>186,807</u>	<u>61,144</u>	<u>30,000</u>	<u>30,000</u>
Current					
Fixed deposits	(a)	—	—	—	589
Certificates of deposit	(b)	—	54,565	—	—
		<u>—</u>	<u>54,565</u>	<u>—</u>	<u>589</u>

(a) The fixed deposits bear annual interest rate of 2.70% - 3.98% and are due in 2027.

(b) The certificates of deposit have fixed interest rates.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

Group

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Purchased hardware and software	60,785	9,403	11,742	11,996
Contract fulfillment cost	19,578	12,684	14,014	20,606
Less: write-down of inventories	(1,409)	(2,458)	(2,937)	(3,127)
	<u>78,954</u>	<u>19,629</u>	<u>22,819</u>	<u>29,475</u>

Company

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Purchased hardware and software	54,481	7,216	10,167	11,016
Contract fulfillment cost	8,411	2,323	5,775	1,289
Less: write-down of inventories	(489)	(764)	(1,053)	(983)
	<u>62,403</u>	<u>8,775</u>	<u>14,889</u>	<u>11,322</u>

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

Group

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Carrying amount of hardware and software sold	33,038	77,100	101,791	3,646	22,300
Write-down of inventories	555	1,385	1,851	1,779	568
Reversal of write-down of inventories	—	(2)	(150)	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

17 Trade and other receivables and prepayments

(a) Trade and other receivables

Group

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables - due from third parties	65,924	96,780	177,931	128,456
Trade receivables - due from an associate	—	3,553	1,758	2,498
Bills receivables	2,797	1,817	6,353	1,096
Deposits	3,588	2,913	2,618	2,526
Input VAT recoverable	2,781	1,541	1,381	2,038
Receivables arising from disposal of NCI	—	—	4,000	2,650
Other receivables	1,164	1,245	857	1,324
	<u>76,254</u>	<u>107,849</u>	<u>194,898</u>	<u>140,588</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17 Trade and other receivables and prepayments (continued)

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

As of the end of each reporting period, the aging analysis of trade receivables, based on the date of revenue recognition and net of loss allowance, is as follows:

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	49,097	75,324	129,736	91,332
1 to 2 years	12,764	20,327	41,154	32,201
2 to 3 years	4,063	4,682	8,799	7,421
	<u>65,924</u>	<u>100,333</u>	<u>179,689</u>	<u>130,954</u>

Company

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables - due from third parties	59,776	84,422	145,113	105,054
Trade receivables - due from subsidiaries	804	780	11,808	11,840
Trade receivables - due from an associate	—	1,683	1,122	1,806
Bills receivables	2,227	1,391	6,241	1,096
Deposits	963	994	907	887
Input VAT recoverable	1,694	258	258	258
Receivables arising from disposal of NCI	—	—	4,000	2,650
Other receivables	1,159	1,243	541	1,191
	<u>66,623</u>	<u>90,771</u>	<u>169,990</u>	<u>124,782</u>
Amounts due from subsidiaries - non-current	167,292	235,765	180,532	220,574
	<u>233,915</u>	<u>326,536</u>	<u>350,522</u>	<u>345,356</u>

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. The amounts which are not expected to be settled within twelve months at the end of period are classified as non-current.

As of the end of each reporting period, the aging analysis of trade receivables, based on the date of revenue recognition and net of loss allowance, is as follows:

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	44,964	65,541	113,291	82,677
1 to 2 years	11,553	16,726	36,534	29,071
2 to 3 years	4,063	4,618	8,218	6,952
	<u>60,580</u>	<u>86,885</u>	<u>158,043</u>	<u>118,700</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17 Trade and other receivables and prepayments (continued)

(b) Prepayments

At December 31, 2024 and June 30, 2025, the Group’s and the Company’s non-current prepayments mainly represent the deposit paid to acquire a building that is currently leased by the Group as office. The current portion of prepayments of the Group includes the prepayments to suppliers of RMB56,432,000 and RMB59,078,000 as of December 31, 2024 and June 30, 2025, respectively.

18 Cash and cash equivalents and other cash flow information

Cash and cash equivalents represented cash at bank.

(a) Reconciliation of loss before tax to cash used in operations:

	Year ended December 31,			six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Loss before tax	(189,785)	(87,027)	(77,500)	(65,067)	(94,049)
<i>Adjustments for:</i>					
Impairment losses on trade and other receivables and contract assets	4,183	9,902	22,155	2,337	7,379
Depreciation of property and equipment	3,759	3,837	3,594	2,408	1,140
Depreciation of right-of-use assets	14,334	12,267	12,084	6,040	6,052
Amortization of intangible assets	1,811	1,181	832	418	458
Finance costs	3,753	6,168	5,553	2,913	2,963
Interest income from other financial assets	(5,212)	(3,682)	(3,516)	(2,180)	(2,201)
Net (gain)/loss on disposal of property and equipment and right-of-use assets	(1,704)	(501)	35	—	(1)
Equity settled share-based payment expenses	—	3,320	21,962	2,806	19,457
Share of results of associates	267	1,257	875	652	454
Changes in carrying amount of financial instruments issued to investors	57,400	15,676	—	—	—
Changes in inventories	(40,704)	59,326	(3,190)	(10,697)	(6,656)
Changes in contract assets	(2,762)	(1,438)	(4,567)	(793)	55
Changes in trade and other receivables and prepayments	(18,958)	(40,461)	(161,731)	(13,426)	42,512
Changes in restricted cash	(8,411)	6,599	(20,170)	950	(47)
Changes in trade and other payables	41,343	(34,448)	90,278	(3,880)	(28,101)
Changes in contract liabilities	36,401	(84,855)	(953)	27,544	8,931
Cash used in operations	<u>(104,285)</u>	<u>(132,879)</u>	<u>(114,259)</u>	<u>(49,975)</u>	<u>(41,654)</u>

(b) Reconciliation of liabilities arising from financing activities:

The tables below detail changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statements as cash flows from financing activities.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18 Cash and cash equivalents and other cash flow information (continued)

	Bank and other loans	Interest payable	Lease liabilities	Total
	RMB’000 (Note 20)	RMB’000	RMB’000 (note 21)	RMB’000
At January 1, 2022	20,918	—	59,034	79,952
Changes from financing cash flows:				
Proceeds from bank and other loans	92,939	—	—	92,939
Repayment of bank and other loans	(20,918)	—	—	(20,918)
Capital element of lease rentals paid	—	—	(11,564)	(11,564)
Interest element of lease rentals paid	—	—	(2,559)	(2,559)
Other borrowing costs paid	—	(1,194)	—	(1,194)
Total changes from financing cash flows	72,021	(1,194)	(14,123)	56,704
Other changes:				
Interest expenses (note 6)	—	1,194	2,559	3,753
Increase in lease liabilities from entering into new leases during the year	—	—	8,671	8,671
Decrease in lease liabilities from leases early termination	—	—	(4,943)	(4,943)
Total other changes	—	1,194	6,287	7,481
At December 31, 2022	92,939	—	51,198	144,137
At January 1, 2023	92,939	—	51,198	144,137
Changes from financing cash flows:				
Proceeds from bank and other loans	144,177	—	—	144,177
Repayment of bank and other loans	(118,454)	—	—	(118,454)
Capital element of lease rentals paid	—	—	(12,851)	(12,851)
Interest element of lease rentals paid	—	—	(1,741)	(1,741)
Other borrowing costs paid	—	(4,427)	—	(4,427)
Total changes from financing cash flows	25,723	(4,427)	(14,592)	6,704
Other changes:				
Interest expenses (note 6)	—	4,427	1,741	[REDACTED]
Increase in lease liabilities from entering into new leases during the year	—	—	840	840
Decrease in lease liabilities from leases early termination	—	—	(6,075)	(6,075)
Total other changes	—	4,427	(3,494)	933
At December 31, 2023	118,662	—	33,112	151,774
At January 1, 2024	118,662	—	33,112	151,774
Changes from financing cash flows:				
Proceeds from bank and other loans	184,643	—	—	184,643
Repayment of bank and other loans	(154,262)	—	—	(154,262)
Capital element of lease rentals paid	—	—	(11,142)	(11,142)
Interest element of lease rentals paid	—	—	(1,230)	(1,230)
Other borrowing costs paid	—	(4,323)	—	(4,323)
Total changes from financing cash flows	30,381	(4,323)	(12,372)	13,686
Other changes:				
Interest expenses (note 6)	—	4,323	1,230	5,553
Increase in lease liabilities from entering into new leases during the year	—	—	129	129
Decrease in lease liabilities	—	—	(992)	(992)
Total other changes	—	4,323	367	4,690

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18 Cash and cash equivalents and other cash flow information (continued)

	Bank and other loans	Interest payable	Lease liabilities	Total
	RMB’000 (Note 20)	RMB’000	RMB’000 (note 21)	RMB’000
At December 31, 2024	149,043	—	21,107	170,150
At January 1, 2025	149,043	—	21,107	170,150
Changes from financing cash flows:				
Proceeds from bank and other loans	157,166	—	—	157,166
Repayment of bank and other loans	(94,981)	—	—	(94,981)
Capital element of lease rentals paid	—	—	(6,252)	(6,252)
Interest element of lease rentals paid	—	—	(412)	(412)
Other borrowing costs paid	—	(2,551)	—	(2,551)
Total changes from financing cash flows	62,185	(2,551)	(6,664)	52,970
Other changes:				
Interest expenses (note 6)	—	2,551	412	2,963
Increase in lease liabilities from entering into new leases during the year	—	—	729	729
Total other changes	—	2,551	1,141	3,692
At June 30, 2025	211,228	—	15,584	226,812
(unaudited)				
At January 1, 2024	118,662	—	33,112	151,774
Changes from financing cash flows:				
Proceeds from bank and other loans	46,356	—	—	46,356
Repayment of bank and other loans	(31,307)	—	—	(31,307)
Capital element of lease rentals paid	—	—	(4,531)	(4,531)
Interest element of lease rentals paid	—	—	(683)	(683)
Other borrowing costs paid	—	(2,230)	—	(2,230)
Total changes from financing cash flows	15,049	(2,230)	(5,214)	7,605
Other changes:				
Interest expenses (note 6)	—	2,230	683	2,913
Total other changes	—	2,230	683	2,913
At June 30, 2024	133,711	—	28,581	162,292

(c) Total cash outflow for leases

Amounts included in the cash flow statements for lease rental paid are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Within operating cash flows	3,772	3,249	1,299	742	989
Within financing cash flows	14,123	14,592	12,372	5,214	6,664
	17,895	17,841	13,671	5,956	7,653

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19 Trade and other payables

Group

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	50,923	28,533	73,650	51,044
Bills payable	1,963	4,911	3,469	952
Staff cost payables	59,144	42,968	49,335	53,446
Other taxes payables	9,490	9,491	18,656	14,246
Deposits	105	—	—	—
Amounts due to a shareholder	4,173	4,405	—	—
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	1,930	2,925	26,556	23,723
Provision	19	62	7,007	7,007
	<u>127,747</u>	<u>93,295</u>	<u>182,114</u>	<u>154,060</u>

The amounts due to a shareholder are unsecured, interest-bearing at 4.35% per annum and repayable on demand, except for an aggregate amount of RMB1,018,000 as at December 31, 2022 and 2023 which are interest-free.

All of the trade and other payables are expected to be settled or recognized in profit or loss within one year or are repayable on demand.

At the end of each reporting period, the aging analysis of trade payables based on invoice date is as follows:

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	48,995	17,773	57,510	35,094
1 to 2 years	772	9,253	5,609	6,454
2 to 3 years	1,156	1,507	10,531	9,496
	<u>50,923</u>	<u>28,533</u>	<u>73,650</u>	<u>51,044</u>

In July 2024, the Company received notice that a service provider filed an arbitration against our Company, alleging breach of contract. The amount of claim of approximately RMB23 million and RMB23 million has been frozen by court as of December 31, 2024 and June 30, 2025. The claim was settled in August 2025. A provision of RMB7,000,000 has been made as of 31 December 2024 and 30 June 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19 Trade and other payables (continued)

Company

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables - due to third parties	46,666	25,072	64,943	43,455
Trade payables - due to subsidiaries	7,340	10,040	37,740	41,007
Bills payable	1,963	4,911	3,469	572
Amounts due to subsidiaries	78,806	59,092	16,587	35,136
Staff cost payables	22,603	17,473	16,158	16,694
Other taxes payables	6,550	7,023	12,898	9,028
Deposits	105	—	—	—
Amounts due to a shareholder	1,018	1,018	—	—
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	554	1,267	4,881	1,445
Provision	19	62	7,000	7,000
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

At the end of each reporting period, the aging analysis of trade payables based on invoice date is as follows:

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	52,078	18,779	87,148	65,840
1 to 2 years	772	14,826	6,548	9,550
2 to 3 years	1,156	1,507	8,987	9,072
	<u>54,006</u>	<u>35,112</u>	<u>102,683</u>	<u>84,462</u>

20 Bank and other loans

Group

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans - unsecured	90,215	117,160	149,043	210,847
Proceeds from discounted bills	2,724	1,502	—	381
	<u>92,939</u>	<u>118,662</u>	<u>149,043</u>	<u>211,228</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20 Bank and other loans (continued)

Company

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Bank loans - unsecured	79,745	106,690	133,573	183,377
Proceeds from discounted bills	2,124	1,502	—	381
	<u>81,869</u>	<u>108,192</u>	<u>133,573</u>	<u>183,758</u>

All bank and other loans were repayable within one year.

21 Lease liabilities

At the end of each reporting period, the lease liabilities were repayable as follows:

Group

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within one year	14,913	12,265	12,595	11,268
1 to 2 years	12,282	11,983	8,512	4,316
2 to 5 years	24,003	8,864	—	—
	<u>51,198</u>	<u>33,112</u>	<u>21,107</u>	<u>15,584</u>

Company

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within one year	4,750	5,466	4,417	2,209
1 to 2 years	4,886	3,781	—	—
2 to 5 years	5,110	—	—	—
	<u>14,746</u>	<u>9,247</u>	<u>4,417</u>	<u>2,209</u>

22 Financial instruments issued to investors

The Group and the Company

The financial instruments issued to investors represented the redemption liabilities arising from the grant of rights to investors to put back the Company’s shares to the Company. The movements of the financial instruments issued to investors during the Track Record Period are set out below:

	RMB’000
At January 1, 2022	915,992
Effect of transfer of shares of the Company with redemption rights	83,347
Changes in the carrying amount of redemption liabilities	<u>57,400</u>
At December 31, 2022 and January 1, 2023	1,056,739
Changes in the carrying amount of redemption liabilities	15,676
Termination of the redemption obligation	<u>(1,072,415)</u>
At December 31, 2023, December 31, 2024 and June 30, 2025	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22 Financial instruments issued to investors (continued)

From 2015 to 2023, the Company conducted several rounds of financing by issuing the Company’s shares to investors and the investors were granted a right to put back to the Company shares acquired upon the occurrence of certain triggering events, including the failure to achieve a qualified [REDACTED] in a specified time frame.

The redemption price shall be the sum of subscription price paid by the respective investors plus accrued interest of 8%-10% per annum.

In 2022, certain of the Company’s shares with redemption rights were transferred by investors. The increase in redemption liabilities as a result of such transfer of RMB83,347,000 was credited to equity.

In 2023, the Company’s obligation under the investors’ preferential rights were waived by the investors. Therefore, the Company’s redemption obligation was terminated, upon which the then carrying amount of the redemption liabilities recognized was reclassified to equity.

Pursuant to the agreements between the Company, its shareholders and investors, certain investors had been granted certain special rights (as defined in History, Reorganization and Corporate Structure section on pages [163-164] to this document) by Mr Li and/or Starcraft Technology (Beijing) Co., Ltd. (collectively “Single Largest Group of Shareholders”) including, among others, share redemption rights.

As confirmed by the Company, (i) the Company does not have any obligation to fulfill the special rights granted by the Single Largest Group of Shareholders, including the share redemption rights; and (ii) the Company did not provide any guarantee on the abovementioned share redemption rights as granted by the Single Largest Group of Shareholders in case of default by the Single Largest Group of Shareholders. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted to the certain investors by the Single Largest Group of Shareholders.

23 Equity settled share-based transactions

(a) [REDACTED] share incentive schemes

In July 2023, 3,650,000 restricted shares were granted to the selected employees of the Group, including the directors of the Company. The restricted shares will be vested in five years. The fair value of the right to subscribe for the restricted shares is estimated to be RMB7.8275 per share, which is the calculated based on the difference between the fair value of the share and the exercise price of the share. In August 2024, the vesting period of the restricted shares was shortened to 2.5 years and these restricted shares will be vested in December 2025.

(b) [REDACTED] share option scheme

In August 2024, the Company adopted a [REDACTED] share option scheme to improve the Company’s incentive mechanism, attract talents and to motivate the senior management. In August 2024, the Company granted 38,238,095 options to Mr. Li to subscribe for 38,238,095 H shares and Mr Li has undertaken that his annual compensation shall not exceed HK\$510,000 for the period from January 1, 2025 to December 31, 2030.

The exercise price of the option is HK\$5.1 per share. The exercise period of the options is 10 years from the date of grant. The options shall vest in accordance with the achievement of performance targets during the service period.

The number and weighted average exercise prices of share options are as follows:

	2024 Number of options ‘000	2025 Number of options ‘000
Outstanding at the beginning of the period	—	38,238
Exercised during the period	—	—
Forfeited during the period	—	—
Granted during the period	38,238	—
Outstanding at the end of the period	38,238	38,238
Exercisable at the end of the period	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23 Equity settled share-based transactions (continued)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model.

Fair value of share options and assumptions

Fair value at measurement date	HK\$6.98
Share price	RMB9.70
Exercise price	HK\$5.1
Expected volatility	44.90%
Option life	10 years
Expected dividends	0%
Risk-free interest rate	1.47%

(c) 51Sim share option scheme

In July 2023, Beijing 51Sim adopted a share option scheme for its employees. In August 2023, 714,285 options were granted to its selected employees. Each option gives the holders the right to subscribe for one Beijing 51Sim’s share at a price of RMB35 per share. The option will be vested in tranches of 25% each year in four years and can only be exercised within the month following the [REDACTED] of Beijing 51Sim.

The number of share options is as follows:

	Year ended December 31,		Six months ended
	2023	2024	June 30,
	’000	’000	2025
Outstanding at the beginning of the year/period	—	715	651
Granted during the year/period	715	—	—
Forfeited during the year/period	—	(64)	—
Outstanding at the end of the year/period	715	651	651
Exercisable at the end of the year/period	—	—	—

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model.

Fair value of share options and assumptions

Fair value at measurement date	RMB5.13
Share price	RMB19.82
Exercise price	RMB35
Expected volatility	48.91%
Expected option life	4.39 years
Expected dividends	0.0%
Risk-free interest rate	2.38%

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24 Deferred tax

Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(r), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB656,264,000, RMB789,367,000, RMB874,006,000 and RMB964,359,000 as at December 31, 2022, 2023, 2024 and June 30, 2025, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses expire in 5 or 10 years from the respective year of loss.

25 Capital, reserves and dividends

(a) *Share capital*

	Year ended December 31,						Six months ended June 30,	
	2022		2023		2024		2025	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
	‘000	RMB’000	‘000	RMB’000	‘000	RMB’000	‘000	RMB’000
Ordinary shares, issued and fully paid:								
At January 1, ...	364,634	364,634	365,000	365,000	365,000	365,000	382,381	382,381
Issuance of shares	366	366	—	—	17,381	17,381	—	—
At December 31, / June 30, ...	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>	<u>382,381</u>	<u>382,381</u>	<u>382,381</u>	<u>382,381</u>

Series E financing

In late 2021, certain investors subscribed 3,908,071 shares of the Company’s shares at cash consideration of RMB88,162,000. The excess of consideration paid over the par value of the issued shares of RMB3,908,000, amounting to RMB84,254,000, was credited to the capital reserve. The investors of the Series E financing were granted a right to put back the subscribed shares to the Company (note 22).

In February 2022, Mr Li further subscribed 366,382 new shares of the Company at cash consideration of RMB8,265,000. The excess of consideration paid over the par value of the issued shares of RMB366,000, amounting to RMB7,899,000 was credited to the capital reserve.

Series F financing

In June 2024, an investor subscribed 17,380,952 new shares of the Company at cash consideration of RMB200,000,000. The excess of consideration paid over the par value of the issued shares of RMB17,381,000, amounting to RMB182,619,000 was credited to the capital reserve.

(b) *Nature of reserve*

(i) *Capital reserve*

Capital reserve comprises the following:

- the difference between the proceeds received from the shareholders of the Company upon the issuance of shares and the paid-in capital of the Company;

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)**25 Capital, reserves and dividends (continued)**

- the difference between the consideration received and the proportionate interest in net assets of subsidiaries disposed; and
- the portion of the grant date fair value of share options granted to employees of the company that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(q)(iii).

In 2023, Beijing 51Sim issued new shares to certain investors at a consideration of RMB50,000,000. As a result, the Group’s interest in Beijing 51Sim decreased from 100% to 88%. The difference between the consideration and the changes in proportionate interest in net assets of Beijing 51Sim of RMB44,379,000 was credited to capital reserve.

In 2024, the Group disposed the 40% equity interests in Beijing Mirrorverse Data Service Co., Ltd. to the non-controlling interests with RMB4,000,000 cash consideration. The difference between the consideration and the changes in proportionate interest in assets of Beijing Mirrorverse Data Service Co., Ltd. of RMB7,895,000 was credited to capital reserve.

(ii) Other reserve

The other reserve comprises amount in relation to the initial recognition and modification of redemption liabilities.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(u).

(c) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

For the purpose of capital management, the Group defines “capital” as total equity of the Group as disclosed in the consolidated statement of changes in equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25 Capital, reserves and dividends (continued)

(d) Movements in components of equity

The changes of each component of the Group’s consolidated equity during the Track Record Period are set out in the consolidated statements of changes in equity. Details of changes in the Company’s individual components of equity during the Track Record Period are set out below:

	Share capital	Capital reserve	Other reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2022	364,634	297,218	(815,204)	(438,894)	(592,246)
Loss for the year	—	—	—	(70,787)	(70,787)
Issuance of shares	366	7,899	—	—	8,265
Recognition of redemption liabilities	—	—	(83,347)	—	(83,347)
Balance at December 31, 2022 and January 1, 2023	365,000	305,117	(898,551)	(509,681)	(738,115)
Profit for the year	—	—	—	6,118	6,118
Modification of the redemption liabilities	—	—	1,072,415	—	1,072,415
Equity settled share-based transactions	—	2,030	—	—	2,030
Balance at December 31, 2023 and January 1, 2024	365,000	307,147	173,864	(503,563)	342,448
Loss for the year	—	—	—	(149,693)	(149,693)
Issuance of shares	17,381	182,619	—	—	200,000
Equity settled share-based transactions	—	21,176	—	—	21,176
Balance at December 31, 2024 and January 1, 2025	382,381	510,942	173,864	(653,256)	413,931
Loss for the period	—	—	—	(62,214)	(62,214)
Equity settled share-based transactions	—	18,999	—	—	18,999
Balance at June 30, 2025	<u>382,381</u>	<u>529,941</u>	<u>173,864</u>	<u>(715,470)</u>	<u>370,716</u>
(Unaudited)					
Balance at January 1, 2024	365,000	307,147	173,864	(503,563)	342,448
Loss for the period	—	—	—	(22,855)	(22,855)
Issuance of shares	17,381	182,619	—	—	200,000
Equity settled share-based transactions	—	2,361	—	—	2,361
Balance at June 30, 2024	<u>382,381</u>	<u>492,127</u>	<u>173,864</u>	<u>(526,418)</u>	<u>521,954</u>

(e) Dividends

The directors of the Company did not propose the payment of any dividend during the Track Record Period.

26 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business. The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables and contract assets. The Group’s exposure to credit risk arising from

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26 Financial risk management and fair values of financial instruments (continued)

other financial assets and cash and cash equivalents is limited because the counterparties are banks with good credit rating. The carrying amount of each class of the financial assets represent the Group’s maximum exposure to credit risk in relation to financial assets.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In general, the trade receivables are due for payment upon the issuance of invoice. Normally, the Group does not obtain collateral from customers. The Group has no significant concentration of credit risk. As at December 31, 2022, 2023, 2024 and June 30, 2025, 17.7%, 19.1%, 28.6% and 5.4% of the total trade receivables was due from the Group’s five largest customers of the respective periods.

The Group measures loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The loss allowance for trade receivables from customers at the end of each reporting period was determined as follows:

At December 31, 2022			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	1.5%	49,845	(748)
1 to 2 years	7.0%	13,725	(961)
2 to 3 years	28.2%	5,659	(1,596)
More than 3 years	100%	1,744	(1,744)
		<u>70,973</u>	<u>(5,049)</u>

At December 31, 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	3.3%	77,896	(2,572)
1 to 2 years	12.3%	23,178	(2,851)
2 to 3 years	42.1%	8,086	(3,404)
More than 3 years	100%	5,328	(5,328)
		<u>114,488</u>	<u>(14,155)</u>

At December 31, 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	4.2%	135,441	(5,705)
1 to 2 years	15.9%	48,916	(7,762)
2 to 3 years	53.1%	18,762	(9,963)
More than 3 years	100%	10,899	(10,899)
		<u>214,018</u>	<u>(34,329)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26 Financial risk management and fair values of financial instruments (continued)

	As at June 30, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	7.0%	98,206	(6,874)
1 to 2 years	20.2%	40,352	(8,151)
2 to 3 years	52.5%	15,623	(8,202)
More than 3 years	100%	12,972	(12,972)
		<u>167,153</u>	<u>(36,199)</u>

Expected loss rates are based on actual loss experience over the past four years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the trade receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended December 31,			Sixth months ended
	2022	2023	2024	June 30,
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the reporting period	1,166	5,049	14,155	34,329
Impairment losses recognized	5,702	13,030	20,174	6,952
Amounts written off	(1,819)	(3,924)	—	(5,082)
At the end of the reporting period	<u>5,049</u>	<u>14,155</u>	<u>34,329</u>	<u>36,199</u>

(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity management and cash management, including the raising of loans to cover expected cash demands. The Group’s policy is to regularly monitor its liquidity requirements and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At December 31, 2022				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	1 - 2 years	2 - 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	118,238	—	—	118,238	118,238
Bank and other loans	95,640	—	—	95,640	92,939
Lease liabilities	15,345	13,681	25,016	54,042	51,198
Financial Instruments issued to investors	1,056,739	—	—	1,056,739	1,056,739
	<u>1,285,962</u>	<u>13,681</u>	<u>25,016</u>	<u>1,324,659</u>	<u>1,319,114</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26 Financial risk management and fair values of financial instruments (continued)

At December 31, 2023					
Contractual undiscounted cash outflow					
	Within 1 year or on demand	1 - 2 years	2 - 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	83,742	—	—	83,742	83,742
Bank and other loans	121,235	—	—	121,235	118,662
Lease liabilities	13,243	12,684	9,085	35,012	33,112
	<u>218,220</u>	<u>12,684</u>	<u>9,085</u>	<u>239,989</u>	<u>235,516</u>

At December 31, 2024					
Contractual undiscounted cash outflow					
	Within 1 year or on demand	1 - 2 years	2 - 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	156,451	—	—	156,451	156,451
Bank and other loans	151,119	—	—	151,119	149,043
Lease liabilities	13,903	8,738	—	22,641	21,107
	<u>321,473</u>	<u>8,738</u>	<u>—</u>	<u>330,211</u>	<u>326,601</u>

As at June 30, 2025					
Contractual undiscounted cash outflow					
	Within 1 year or on demand	1 - 2 years	2 - 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	132,807	—	—	132,807	132,807
Bank and other loans	215,396	—	—	215,396	211,228
Lease liabilities	11,809	4,832	—	16,641	15,584
	<u>360,012</u>	<u>4,832</u>	<u>—</u>	<u>364,844</u>	<u>359,619</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s fixed deposits, certificates of deposit and borrowings are all issued at fixed rates. The balance of bank structured deposits is not significant. Fluctuation of interest rate will not have significant impact to the Group.

(d) Currency risk

The following table details the Group’s exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant and are excluded from the table below. Differences resulting from the translation of the financial statements of foreign operations into the Group’s presentation currency are also excluded.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26 Financial risk management and fair values of financial instruments (continued)

	At December 31,			As at June 30,
	2022	2023	2024	2025
	USD	USD	USD	USD
	RMB’000	RMB’000	RMB’000	RMB’000
Cash and cash equivalents	144	2,917	3,930	2,688
Trade and other receivables	—	148	8,773	503
Trade and other payables	(4,173)	(6,359)	(1,271)	(1,266)
Net exposure arising from recognized assets and liabilities	(4,029)	(3,294)	11,432	1,925

The sensitivity analysis is not performed as the management considers that the Group is not exposed to significant currency risk.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis are categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The fair value measurement of the bank structured deposits and financial assets measured at FVPL falls into level 3 of the fair value hierarchy.

The movements during the period in the balance of these level 3 fair value measurements are as follows:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At January 1,	—	—	16,039	34,994
Payment for purchases	—	16,000	97,959	263,195
Changes in fair value	—	39	35	269
Disposal of financial assets	—	—	(79,039)	(246,889)
At December 31/June 30,	—	16,039	34,994	51,569

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26 Financial risk management and fair values of financial instruments (continued)

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into nor out of Level 3. The Group’s policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value investment in bank structured deposits is determined by discounting the cash flows with the expected rate of return in the product manual or similar investment products manual.

The expected rate of return is 1.50%-3.92% as at December 31, 2023, 2024 and June 30, 2025. The fair value measurement is negatively correlated to the discount rate. As of December 31, 2023, 2024 and June 30, 2025, it is estimated that with all other variables held constant, a decrease/increase in risk discount rate by 1% would not have significant impact on the fair value of the bank structured deposits.

The fair value of financial assets measured at FVPL is determined with reference to recent transaction price.

27 Commitments

Commitments outstanding at the end of each reporting period not provided for in the Historical Financial Information were as follows:

	At December 31,			At
	2022	2023	2024	June 30,
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Contracted for acquisition of property, plant and equipment	—	—	24,000	24,000

28 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Salaries and other emoluments	5,121	3,648	3,590	1,476	2,706
Discretionary bonuses	82	863	404	163	281
Share-based payments	—	388	14,467	387	15,504
Retirement scheme contributions	370	460	451	170	297
	<u>5,573</u>	<u>5,359</u>	<u>18,912</u>	<u>2,196</u>	<u>18,788</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28 Material related party transactions (continued)

Total remuneration is included in “staff costs” (see note 6(b)).

(b) Related party balances and transactions

The related parties of the Company and its subsidiaries that had transactions with the Group are as follows:

Name of related parties	Nature of relationship
Suzhou Wuyi Yuansheng Digital Technology Co., Ltd.	Associate of the Company
Mr. Li	One of the beneficial owners and a key management of the Company

(i) Transactions with related parties

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Trade in nature:					
Sales of goods to an associate	—	4,180	929	929	697
Non-trade in nature:					
Interest expense payable to a shareholder	<u>196</u>	<u>139</u>	<u>50</u>	<u>50</u>	<u>—</u>

(ii) Balance with related parties:

	At December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Trade in nature:				
Trade and other receivables	—	3,553	1,758	2,498
Contract assets	—	—	244	—
Contract liabilities	—	—	173	122
Non-trade in nature:				
Amounts due to a shareholder	<u>4,173</u>	<u>4,405</u>	<u>—</u>	<u>—</u>

29 Subsequent event

In 2024 and 2025, the Group entered into a pre-purchase contract and a supplemental agreement, respectively, to purchase a building in Beijing at a consideration of RMB60 million. The building is currently leased by the Group as office. A deposit of RMB36 million was paid in 2024. On June 30, 2025, the Group entered into a supplemental agreement to the pre-purchase contract, pursuant to which the remaining balance shall be paid before June 30, 2026. The transaction is expected to be completed by June 30, 2026.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvement to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosure</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to June 30, 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report received from KPMG, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [REDACTED] statement of adjusted net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules, and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets attributable to equity shareholders of the Company as at June 30, 2025 as if the [REDACTED] had taken place on June 30, 2025.

The unaudited [REDACTED] statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at June 30, 2025 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at June 30, 2025 ⁽¹⁾	Estimated [REDACTED] from the [REDACTED] ⁽²⁾⁽⁴⁾	Unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited [REDACTED] adjusted net tangible assets per Share ⁽³⁾⁽⁴⁾	
	RMB’000	RMB’000	RMB’000	RMB	HK\$
Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] ...	168,743	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] ...	168,743	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The consolidated net tangible assets attributable to equity shareholders of the Company as at June 30, 2025 is arrived at after (i) deducting intangible assets of RMB3,081,000 and (ii) adjusting the share of intangible assets attributable to non-controlling interests of RMB14,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB171,810,000 as at June 30, 2025, which is extracted from the Accountants’ Report set out in Appendix I to this document.
- (2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] of [REDACTED] and [REDACTED] per [REDACTED], being the lower end price and higher end price of the indicative [REDACTED] respectively, and the issuance of [REDACTED] H Shares, after deduction of the [REDACTED] fees and other estimated expenses relating to the [REDACTED] paid or payable by the Company (excluding the [REDACTED] charged to profit or loss during the Track Record Period), and do not take into account any H Shares which may be issued upon the exercise of the [REDACTED] and the options may be granted under the [REDACTED] Share Option Scheme of the Company.
- (3) The unaudited [REDACTED] adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue immediately following the completion of the [REDACTED], and does not take into account any H Shares which may be issued upon the exercise of the [REDACTED] and the options may be granted under the [REDACTED] Share Option Scheme of the Company.
- (4) The estimated [REDACTED] from the [REDACTED] and the unaudited [REDACTED] adjusted net tangible assets per Share are [REDACTED] from or into Hong Kong dollars (the “HK\$”) at an exchange rate of HK\$1.00 to RMB0.91195. No representation is made that HK\$ amounts have been, could have been or may be [REDACTED] to RMB, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any [REDACTED] result or other transactions of the Group entered into subsequent to June 30, 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

B. REPORT ON THE UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group’s [REDACTED] financial information for the purpose in this document.



INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE COMPILATION OF [REDACTED] FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING 51WORLD DIGITAL TWIN TECHNOLOGY CO., LTD.

We have completed our assurance engagement to report on the compilation of [REDACTED] financial information of Beijing 51WORLD Digital Twin Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited [REDACTED] financial information consists of the unaudited [REDACTED] statement of adjusted net tangible assets as at June 30, 2025 and related notes as set out in Part A of Appendix II to the document dated [date] (the “document”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the [REDACTED] financial information are described in Part A of Appendix II to the document.

The [REDACTED] financial information has been compiled by the Directors to illustrate the impact of the proposed [REDACTED] of the H shares of the Company (the “[REDACTED]”) on the Group’s financial position as at June 30, 2025 as if the [REDACTED] had taken place at June 30, 2025. As part of this process, information about the Group’s financial position as at June 30, 2025 has been extracted by the Directors from the Group’s historical financial information included in the Accountants’ Report as set out in Appendix I to the document.

Directors’ Responsibilities for the [REDACTED] Financial Information

The Directors are responsible for compiling the [REDACTED] financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of [REDACTED] Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the [REDACTED] financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the [REDACTED] financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of [REDACTED] Financial Information Included in a document” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the [REDACTED] financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the [REDACTED] financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the [REDACTED] financial information.

The purpose of [REDACTED] financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at June 30, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the [REDACTED] financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the [REDACTED] financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related [REDACTED] adjustments give appropriate effect to those criteria; and
- the [REDACTED] financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the [REDACTED] financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the [REDACTED] financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the [REDACTED] financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of

APPENDIX II**UNAUDITED [REDACTED] FINANCIAL INFORMATION**

America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of [REDACTED] from the issuance of the Company’s H shares, the application of those [REDACTED], or whether such use will actually take place as described in the section headed “Future Plans and [REDACTED]” in the document.

Opinion

In our opinion:

- a) the [REDACTED] financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the [REDACTED] financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

[Date]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXES FOR SECURITIES HOLDERS

The income tax and capital gains tax for holders of H Shares shall be subject the laws and practices or other tax provisions of the PRC and the jurisdictions in which the holders of H Shares reside. The following summary of certain relevant tax provisions is based on current laws and practices, and is subject to change and does not constitute legal or tax advice. The following discussion does not address all of the possible tax consequences associated with an investment in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Accordingly, you should consult your own tax adviser as to the tax consequences of an investment in H Shares. The following discussion is based on the laws and relevant interpretations in force as of the Latest Practicable Date, which are subject to change and may have retrospective effect.

The following discussion does not address any aspect of mainland China or Hong Kong taxation other than income tax, capital gains and profits tax, business tax/VAT, stamp duty and inheritance tax. [REDACTED] are advised to consult their financial advisers as to the mainland China, Hong Kong and other tax consequences of owning and disposing of H Shares.

PRC Taxation

Taxation regarding dividends

Individual investors

Pursuant to the Individual Income Tax Law of the People’s Republic of China (the “Individual Income Tax Law”), which was promulgated on September 10, 1980, and amended by the 13th NPC Standing Committee on August 31, 2018 and entered into force on January 1, 2019, as well as the Regulations for the Implementation of the Individual Income Tax Law of the People’s Republic of China, which was amended by the State Council on December 18, 2018 and entered into force on January 1, 2019, dividend paid by PRC companies to individual investors are generally subject to tax withholding at a flat rate of 20%. In addition, Pursuant to the Circular of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends and Bonuses of Listed Companies issued by the MOF, the SAT and the CSRC on September 7, 2015, for Shares of listed companies acquired by an individual from [REDACTED] and transfer of market, the dividend income shall be temporarily exempt from individual income tax for Shares held for more than one year; the dividend income shall be fully included in the taxable income for Shares held for less than one month (inclusive); and the dividend income shall be temporarily reduced by 50% to taxable income for Shares held for more than 1 month and less than 1 year (inclusive). The above income shall be subject to individual income tax at a uniform rate of 20%. As a matter of fact, the withholding tax rate on dividend income of non-resident individuals may be lower than 20% in certain cases. However, pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policy Issues concerning Individual Income Tax, the dividends, and bonuses that foreign individuals obtain from foreign-invested enterprises will be temporarily exempted from individual income tax. The State Council approved and issued the Notice on Several Opinions of the National Development and Reform Commission and Other Departments on Deepening the Reform of Income Distribution System Approved and Dispatched by the State Council on February 3, 2013. The General Office of the State Council issued the Notice of the General Office of the State Council on the Division of Labor in Key Work in Deepening the Reform of Income Distribution System on February 8, 2013. Pursuant to the

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

two documents mentioned above, the Chinese Government is planning to abolish the exemption of dividend income from foreign-invested enterprises for foreign individuals from personal income tax, with the MOF and the SAT being responsible for formulating and implementing the details of the plan. However, the MOF and the SAT have yet to promulgate relevant implementation rules or regulations. Pursuant to the Circular of the State Administration of Taxation on Issues Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 Document issued by the SAT on June 28, 2011, domestic non-foreign invested enterprises issuing Shares in Hong Kong may, when distributing dividends to an individual residing outside the jurisdiction of the tax treaty, generally withhold individual income tax at the rate of 10%. For individual holders of H Shares receiving dividends who are residents of countries that have signed tax agreements with China with tax rates lower than 10%, the non-foreign-invested enterprise whose Shares are listed in Hong Kong may apply on behalf of such holders to enjoy the lower preferential tax treatments. Upon approval by the tax authorities, the excessive withholding amount will be refunded. For individual holders of H Shares receiving dividends who are residents of countries that have signed tax agreements with China with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise shall withhold the individual income tax at the effective tax rate under the agreement without the need to apply for such tax rate. For individual holders of H Shares receiving dividends who are residents of countries without tax agreements with China and under other circumstances, non-foreign-invested enterprises shall withhold the individual income tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on August 21, 2006, the Chinese government may impose a tax on dividends payable by a Chinese company to a HKSAR resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, the tax levied shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, which entered into force on December 6, 2019, provides that the above provisions do not apply to relevant arrangements or transactions entered into with the primary purpose of obtaining the above tax benefits.

Corporate investors

Pursuant to the Enterprise Income Tax Law amended and entered into force on December 29, 2018 and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China amended and entered into force on April 23, 2019, where non-resident enterprises have not formed permanent establishments or premises within the territory of the PRC, or where they have formed permanent establishments or premises within the territory of the PRC but there is no actual relationship between the relevant income derived in the PRC and the establishments or premises set up by them, they shall be subject to enterprise income tax in respect of its income derived from sources within the PRC (including dividends received from PRC resident enterprises that have issued and listed Shares in Hong Kong), generally at a rate of 10%. The income tax payable by a non-resident enterprise shall be withheld at source, and the payer shall be the withholding agent. The withholding tax may be waived under the applicable convention to avoid double taxation.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

The Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of the Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas Non-resident Enterprise Shareholders of H Shares, which was issued by the SAT and entered into force on November 6, 2008, further clarified that, in respect of the dividends on profits generated after January 1, 2008, the dividends distributed by PRC resident enterprises to the Shareholders of non-Chinese resident enterprises with respect to the H Shares would be taxed at the uniform rate of 10%. The Official Reply of Taxation on Imposition of Enterprise Income Tax on B-share Dividends of Non-resident Enterprises issued by the SAT on July 24, 2009 further stipulates that any PRC resident enterprises listed on overseas stock exchanges shall withhold and pay on behalf of the Shareholders of the non-PRC resident enterprises at a unified tax rate of 10%. The aforesaid tax rate may be further adjusted in accordance with the tax treaties or agreements entered into between the PRC and the relevant jurisdictions, as applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on August 21, 2006, the Chinese government may impose a tax on dividends payable by a Chinese company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, the tax levied shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, which entered into force on December 6, 2019, provides that the above provisions do not apply to relevant arrangements or transactions entered into with the primary purpose of obtaining the above tax benefits. The dividend provisions of the tax agreements shall be implemented in accordance with the Circular of the State Administration of Taxation on Issues related to the Implementation of Dividend Provisions of Tax Agreements and other Chinese tax laws and regulations.

Tax treaties

Non-PRC resident investors whose country of residence has entered into a double taxation avoidance agreement with the PRC or who are resident in the Hong Kong or Macau Special Administrative Regions shall be entitled to a preferential tax rate on dividends received from PRC companies. The PRC has entered into double taxation avoidance arrangements with the Hong Kong and Macau Special Administrative Regions respectively and has entered into double taxation avoidance agreements with certain other countries including, but not limited to, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates under the relevant income tax agreements or arrangements may apply to the PRC tax authorities for a refund of the difference between the withholding tax and the tax calculated based on the agreed tax rates.

Pursuant to the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers, which was issued by the SAT on October 14, 2019 and entered into force on January 1, 2020, non-resident taxpayers shall enjoy the treatments as specified in the convention in the way of “independent judgment, declaration and retention of relevant data for future reference”. Any non-resident taxpayer who, in its own judgment, deems itself eligible for the treatment prescribed in the tax convention, may exercise the right of convention treatment when filing a tax return or making a

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

withholding declaration through a withholding agent, provided that it shall collect and retain the relevant data according to the provisions for future reference and be subject to the subsequent administration by the tax authorities.

Taxes involved in income from equity transfers

Value-added tax and local surtax

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Comprehensively Implementing the Pilot Program for Changing Business Tax to VAT (the “Circular No. 36”), which was issued by the MOF and the SAT on March 23, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, respectively, units and individuals that sell services, intangible assets or real estate within the territory of the People’s Republic of China are VAT taxpayers and shall pay VAT instead of business tax. The Circular No. 36 also stipulates that transfers of financial commodities, including transfers of ownership of marketable securities, are subject to VAT at the rate of 6% of the taxable income.

At the same time, VAT taxpayers are also required to pay city construction and maintenance tax, education surtax and local education surtax.

Income Tax

Individual investors

Pursuant to the Individual Income Tax Law and its implementing regulations, individuals are subject to an individual income tax rate of 20% on the income from the sale of equity interests in PRC resident enterprises. Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Continued Temporary Exemption of Individual Income Tax on the Proceeds from Transfer of Shares (the “Circular No. 61”), which was issued by the MOF and the SAT on March 30, 1998, as of January 1, 1997, the income from the transfer of Shares in listed companies by individuals continues to be subject to temporary exemption of individual income tax. Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Catalog of Individual Income Tax Preferential Policies Remaining in Force, which was issued by the MOF and the SAT on December 29, 2018, the Circular No. 61 will remain in force.

Pursuant to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals’ Income from the Transfer of Restricted Shares of Listed Companies jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009, individuals shall continue to be exempted from individual income tax on the proceeds from transfer of Shares acquired from the [REDACTED] and transfer market of listed companies on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, except for the relevant restricted Shares as defined in the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals’ Income from the Transfer of Restricted Shares of Listed Companies jointly issued by the above three departments on November 10, 2010.

As of the Latest Practicable Date, the aforesaid provisions did not expressly provide for the imposition of individual income tax on the sale of Shares of PRC resident enterprises listed on overseas stock exchanges (e.g. the Stock Exchange) by non-resident individuals.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Corporate investors

Pursuant to the Enterprise Income Tax Law and its implementing regulations, where non-PRC resident enterprises have not formed permanent establishments or premises within the territory of the PRC, or where they have formed permanent establishments or premises within the territory of the PRC but there is no actual relationship between the relevant income derived in the PRC and the establishments or premises set up by them, they shall be subject to enterprise income tax in respect of its income derived from sources within the PRC (including income derived from the disposal of Shares in PRC resident enterprises), generally at a rate of 10%. The above income tax may be reduced or exempted under applicable tax agreements or arrangements.

Stamp Duty

Pursuant to the Stamp Duty Law of the People’s Republic of China, which was promulgated on June 10, 2021 and entered into force on July 1, 2022, units and individuals that issue taxable certificates or conduct securities transactions within the territory of the PRC are taxpayers of the stamp duty and shall pay the stamp duty in accordance with the provisions of the Law. Units and individuals that issue taxable certificates outside the PRC for use within the territory of the PRC shall pay the stamp duty in accordance with the provisions of the Stamp Duty Law.

Estate Duty

As of the date of this document, there is currently no estate duty levied in the PRC.

MAJOR TAXES OF THE GROUP IN THE PRC

Enterprise Income Tax (the “EIT”)

Pursuant to the Enterprise Income Tax Law, the enterprise income tax rate in the PRC is 25%, which is in line with the rate applicable to foreign-invested enterprises and foreign enterprises.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Tax Reduction and Exemption Policies for Small and Micro Enterprises issued on January 17, 2019, during the period from January 1, 2019 to December 31, 2021, the annual taxable income of SMEs of not more than RMB1 million shall be included in their taxable income at a reduced rate of 25%, with the applicable EIT rate of 20%; and the annual taxable income of not less than RMB1 million but not more than RMB3 million shall be included in their taxable income at a reduced tax rate of 50%, with the applicable EIT rate of 20%.

Pursuant to the Measures for the Administration of Accreditation of High-tech Enterprises, which was jointly promulgated by the Ministry of Science and Technology of the People’s Republic of China, the MOF, and the SAT on April 14, 2008, amended on January 29, 2016 and entered into force on January 1, 2016, high-tech enterprises may apply for a preferential EIT rate of 15% under the EIT Law.

Value-Added Tax (“VAT”)

Pursuant to the Provisional Regulations of the People’s Republic of China on Value-added Tax, which was amended and entered into force on November 19, 2017, all units and individuals that engage in sale of goods or processing, repair and replacement services, or import of goods within the

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

territory of the PRC shall pay VAT. Taxpayers providing sales or import of goods shall be subject to a general tax rate of 17%, except as otherwise provided in the preceding paragraph.

Pursuant to the Circular No. 36 issued by the MOF and the SAT on March 23, 2016 and entered into force on May 1, 2016, with the approval of the State Council, as of May 1, 2016, the pilot scheme of replacing business tax with VAT will be launched nationwide. All business taxpayers in the construction, real estate, financial industry and life service industry are included in the scope of the pilot scheme, and will be subject to VAT instead of business tax. Pursuant to the Measures for Implementing the Pilot Scheme for Levying Value-added Tax in Lieu of Business Tax, which was issued and entered into force at the same date as the above Circular, the tax rates applicable to the sale of services, intangible assets or real estate by taxpayers are 17%, 11%, 6% and nil, respectively.

Pursuant to the Circular on Adjusting Value-added Tax Rate, which was issued by the MOF and the SAT on April 4, 2018 and entered into force on May 1, 2018, the tax rates of taxpayers engaging in VAT-taxable sales or importing goods that were previously subject to the tax rates of 17% and 11% were adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies on Deepening Value-added Tax Reform, which was promulgated by the MOF, the SAT and the General Administration of Customs of the People’s Republic of China on March 20, 2019 and entered into force on April 1, 2019, the tax rates of taxpayers engaging in VAT-taxable sales or importing goods that were previously subject to the tax rates of 16% and 10% were adjusted to 13% and 9%, respectively.

In addition, the Announcement on the Clarification of the VAT Exemption Policy for Small-scale VAT Payers, which was promulgated by the MOF and the SAT on March 31, 2021, from April 1, 2021 to December 31, 2022, small-scale VAT payers with monthly sales of less than RMB150,000 (inclusive) are exempted from VAT.

FOREIGN EXCHANGE CONTROL IN CHINA

Renminbi (“RMB”), the legal tender of China, is subject to foreign exchange control and cannot be freely convertible to foreign currencies. As authorized by the People’s Bank of China, the SAFE is empowered to exercise the functions of administering all matters relating to foreign exchange, including the implementation of foreign exchange control regulations.

The principal foreign exchange control regulations in the PRC are the Regulations on Foreign Exchange Control, which was promulgated by the State Council on January 29, 1996, entered into force on April 1, 1996, and was subsequently amended on January 14, 1997 and August 5, 2008, respectively, and the Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange, which was promulgated by the People’s Bank of China on June 20, 1996 and entered into force on July 1, 1996. Pursuant to such Regulations and other PRC rules and regulations relating to currency exchange, RMB is generally freely convertible for the current account (such as foreign exchange transactions involving sales and purchases of goods and services and dividend payments), and not freely convertible for the capital account (such as direct investment, loans or investment in securities outside the PRC) without prior approval from the SAFE or its local branches.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Pursuant to the relevant laws and regulations of China, Chinese enterprises (including foreign-invested enterprises) that need to carry out current-account transactions in foreign exchange may, without the approval of the foreign exchange authorities, make payments through foreign exchange accounts opened by financial institutions engaged in the business of settlement and sale of foreign exchange, on the basis of valid supporting documents. Foreign-invested enterprises that are required to distribute profits to their Shareholders in foreign exchange and Chinese enterprises that are required to pay dividends to their Shareholders in foreign exchange in accordance with regulations may make payments from the foreign exchange accounts of designated foreign exchange banks or purchase foreign exchange from designated foreign exchange banks in accordance with the resolutions of the Board of Directors or the Shareholders’ general meeting on the distribution of profits.

On December 26, 2014, the SAFE issued the Circular of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration of Overseas [REDACTED], pursuant to which domestic companies shall register for the overseas [REDACTED] with the required materials at the foreign exchange bureau located at its registered address within 15 working days after the conclusion of the overseas [REDACTED] and issuance. The proceeds raised from the overseas [REDACTED] of a domestic company may be transferred back to its territory or deposited overseas, and the use of the proceeds shall be consistent with the relevant contents listed in the document and other publicly disclosed documents.

The Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policy on Foreign Exchange Management of Direct Investment was issued by the SAFE on February 13, 2015 and entered into force on June 1, 2015. The Circular abolished the examination and approval for foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and replaced it with direct examination and handling of foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment by banks, with SAFE and its branches exercising indirect supervision over the foreign exchange registration for direct investment through banks.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating the Administrative Policies over Foreign Exchange Settlement under the Capital Account issued by the SAFE on June 9, 2016, the foreign exchange income under the capital account of domestic institutions implements the policy of discretionary settlement, that is, relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including foreign exchange capital, foreign debt funds and funds raised from overseas [REDACTED]) to discretionary settlement according to the actual business operation needs of domestic institutions. The proportion of foreign exchange income under the capital account that domestic institutions intend to settle at its discretion is tentatively 100%, and the SAFE may adjust the aforesaid proportion according to the international payment balance status in due course.

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

PRC LEGAL SYSTEM

The PRC legal system consists of the Constitution, laws, administrative regulations, local laws and regulations, separate regulations, regulations of State Council departments, local government regulations, autonomous regulations, separate regulations of autonomous regions, and international treaties signed by the Chinese Government.

Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

Pursuant to the Constitution of the People’s Republic of China (the “Constitution”), which was promulgated on December 4, 1982 and last amended and entered into force on March 11, 2018, and the Legislative Law of the People’s Republic of China (the “Legislative Law”), which was adopted on July 1, 2000 and amended on March 15, 2023, the NPC and the NPC Standing Committee are empowered to exercise the legislative power of the State. The NPC is empowered to enact and amend basic laws in criminal, civil, state institution and other areas. The NPC Standing Committee is empowered to enact and amend laws other than those required to be enacted by the NPC, as well as to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest administrative organ of the State and is authorized to enact administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities under the Central Government and their respective standing committees may enact local regulations based on the specific circumstances and requirements of their own respective administrative areas, provided that such local regulations do not contravene the Constitution, laws or administrative regulations.

Ministries and commissions, the PBOC, the Audit Office of the People’s Republic of China and the National Supervisory Commission of the People’s Republic of China, which has administrative functions, may formulate departmental regulations within the scope of their competence in accordance with laws and administrative regulations and the decisions and rulings of the State Council. Provisions for departmental regulations shall be formulated for the purpose of implementing the laws, administrative regulations and the decisions and rulings of the State Council.

The people’s congresses and their standing committees of cities with subordinate districts may, in the light of specific circumstances and actual needs, enact local regulations which shall enter into force upon approval by the standing committee of the people’s congress of the province or autonomous region concerned, provided that such local regulations do not contravene the Constitution, laws or administrative regulations.

The people’s congresses of autonomous regions may, in the light of the political, economic and cultural characteristics of the local nationalities, enact autonomous regulations and separate regulations, which shall enter into force upon approval by the NPC Standing Committee. Autonomous regulations and separate regulations may make variations on the provisions of laws and administrative regulations, provided that they do not contravene the basic principles of the laws or administrative regulations, and that they do not make variations on the provisions of the Constitution and the Law on Regional Ethnic Autonomy, or on the provisions of other relevant laws or administrative regulations that are specifically made with respect to national autonomous areas.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

Provinces, autonomous regions, municipalities directly under the Central Government and the people's governments of municipalities directly under the Central Government may enact regulations in accordance with laws, administrative regulations and relevant local regulations.

The Constitution, promulgated by the NPC, is the foundation of China's legal system and has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at and below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities with subordinate districts or autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but contravene the Constitution or the Legislation Law. The NPC Standing Committee has the power to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous or separate regulations which have been approved by the NPC Standing Committee of any province, autonomous region or municipalities directly under the Central Government but contravene the Constitution or the Legislative Law. The State Council has the power to alter or annul any inappropriate departmental rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces or autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Pursuant to the Constitution, the power to interpret laws is vested in the NPC Standing Committee. Pursuant to the Decision of the NPC Standing Committee Regarding the Strengthening of Interpretation of Laws adopted on June 10, 1981, the Supreme People's Court and the Supreme People's Procuratorate of the People's Republic of China shall, respectively, interpret the application of the laws and decrees in trials in the courts and in the work of the procuratorates. Other laws and decrees that are not part of the trial or procuratorial work shall be interpreted by the State Council and the competent ministries and commissions.

Where the provisions of local laws and regulations themselves need to be further defined or supplemented, the Standing Committee of the People's Congress of the province, autonomous region or municipality directly under the Central Government that enacted the laws and regulations shall make interpretations or stipulations. Where it is a question concerning the specific application of local laws and regulations, the competent department of the people's government of the province, autonomous region or municipality directly under the Central Government shall make interpretations.

PRC JUDICIAL SYSTEM

Pursuant to the Constitution, and the Organic Law of the People's Courts of the People's Republic of China, which was promulgated on July 5, 1979, implemented on January 1, 1980, last

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

amended on October 26, 2018 and entered into force on January 1, 2019, China’s judicial system consists of the Supreme People’s Court, local people’s courts at all levels, military courts and other specialized people’s courts.

The local people’s courts at all levels are comprised of the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts may establish civil, criminal and economic divisions. The intermediate people’s courts have a similar structure to that of the primary people’s courts, and may furthermore be composed of other specialized divisions. The higher people’s courts supervise lower people’s courts. The Supreme People’s Court is the highest judicial organ in China and has the power to supervise the judicial work of local people’s courts at all levels and all specialized people’s courts. The people’s procuratorates are also authorized to exercise legal supervision over the trial activities of people’s courts at the same or lower levels.

In the adjudication of cases, the people’s courts have adopted the “two-tier trial system” for appeal. Parties may, in accordance with the procedures prescribed by law, appeal the first-instance judgments and rulings of local people’s courts to a people’s court at a higher level. The people’s procuratorate may, in accordance with the procedures prescribed by law, lodge a protest with the people’s court at a higher level. If the parties do not appeal or the people’s procuratorate does not protest within the time limit for appeal, the judgments and rulings of the local people’s courts at all levels in cases of first instance shall be final judgments and rulings that have entered into legal force. Judgments and rulings in cases of second instance tried by intermediate people’s courts, higher people’s courts and the Supreme People’s Court, and the same in cases of first instance tried by the Supreme People’s Court, are final. However, if the Supreme People’s Court finds that a legally valid judgment, ruling or mediation document of a people’s court at any level contains errors, or if a people’s court at a higher level finds that a legally valid judgment, ruling or mediation document of a people’s court at a lower level contains such errors, the people’s court at a higher level shall have the right to review the case on its own initiative or to instruct the people’s court at a lower level to conduct a retrial. If the presiding judge of a people’s court at any level discovers that a legally valid judgment, ruling or mediation document contains errors and considers that a retrial is warranted, the case shall be submitted to the trial committee of the people’s court at the same level for discussion and decision. The death penalty shall be submitted to the Supreme People’s Court for approval, unless it is decided by the Supreme People’s Court in accordance with the law.

The Civil Procedure Law of the People’s Republic of China (the “PRC Civil Procedure Law”), which was promulgated on April 9, 1991, last amended on September 1, 2023 and entered into force on January 1, 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil litigation within the territory of the PRC must comply with the PRC Civil Procedure Law. Generally, civil cases shall be tried in the first instance by the people’s court located in the defendant’s domicile. All parties to a contract may, by express agreement, choose the court of jurisdiction for civil litigation, provided that such court of jurisdiction shall be the court of jurisdiction of the place of residence of the plaintiff or the defendant, the place of conclusion or performance of the contract, or the place where the object of the action is located, etc., which has a substantial connection with the dispute. However, such choices shall in no case violate the provisions of hierarchical and exclusive jurisdiction.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

Foreign individuals, stateless persons, foreign enterprises or foreign organizations shall enjoy the same litigation rights and obligations as Chinese citizens, legal persons or other organizations when filing or responding to lawsuits in Chinese courts. If a foreign court restricts the litigation rights of a Chinese citizen, legal person or other organization, the Chinese court may impose the same restriction on the litigation rights of citizens, enterprises and organizations of the said country. If a foreign individual, stateless person, foreign enterprise or foreign organization needs to hire a lawyer to file or respond to a lawsuit in a Chinese court, they must hire a Chinese lawyer. Pursuant to international treaties signed or acceded to by China, or on the principle of reciprocity, the people’s courts and foreign courts may request each other to serve documents, conduct investigations and take evidence, or carry out other actions on their own behalf. All parties to a civil action are required to comply with judgments and awards that have become legally binding. If any party to a civil action refuses to comply with a judgment or ruling made by a people’s court or an award made by a Chinese arbitral tribunal, the other party may, within two years, petition the people’s court for the enforcement of the judgment, ruling or award, subject to an application for deferral or annulment. If the party fails to comply with the court’s judgment granting leave for enforcement within the prescribed period, the court may enforce the judgment against the other party on its application.

Where a party seeks to enforce a judgment or ruling of a people’s court against a party that is not located in China and does not own any property in China, it may apply to a foreign court with formal jurisdiction for recognition and enforcement of the judgment or ruling. In case a people’s court makes a legally effective judgment or ruling on foreign courts that apply for or request recognition and enforcement, where the validity of the judgment or ruling is recognized in accordance with international treaties concluded or acceded to by China, or after being reviewed in accordance with the principle of reciprocity, it is deemed that it does not violate the basic principles of Chinese laws or infringe upon national sovereignty, security or social public interests, an enforcement order will be issued if necessary and the judgment or ruling shall be executed in accordance with relevant provisions. The people’s courts do not recognize or enforce treaties that violate the fundamental principles of Chinese laws or infringe upon national sovereignty, security or social public interests.

PRC COMPANY LAW

The Company Law was promulgated by the NPC Standing Committee on December 29, 1993 and entered into force on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and December 29, 2023, respectively, with the last amendment to the Company Law entering into force on July 1, 2024.

Set out below is a summary of the principal provisions of the Company Law applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law, all of whose Shares are either par Shares or no-par Shares in accordance with the provisions of the Articles of Association; in the case of par Shares, the amount of each share is equal. The liability of its Shareholders is limited to the amount of Shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or [REDACTED].

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters of a joint stock limited company established by way of [REDACTED] shall convene an inaugural meeting of the company within 30 days from the date on which the Shares to be issued upon the establishment of the company have been fully paid up. The promoters shall notify the subscribers of the date of the meeting or make an announcement 15 days prior to the date of the inaugural meeting. The inaugural meeting shall be held in the presence of a majority of the subscribers holding voting rights. The convening and voting procedures of the inaugural meeting of a joint stock limited company established by way of promotion shall be stipulated in the Articles of Association or in the promoters’ agreement.

At the inaugural meeting, matters including the adoption of the Articles of Association and the election of Directors and Supervisors of the company will be considered. All resolutions made at the inaugural meeting require the approval of a majority of the votes held by the subscribers present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the Board shall apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

The promoters of the joint stock limited company shall be jointly and severally liable for: (1) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (2) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (3) the compensation to the company where damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. Pursuant to the Interim Regulations on the Administration of Share Issuance and Trading promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of Shares in the PRC and their related activities), if a company is established by means of [REDACTED], the promoters of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Registered capital

The promoters may make capital contributions in currency, or in kind, intellectual property rights, land use rights, equity right, creditor’s rights and other non-monetary property that can be

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

valued in currency and can be transferred in accordance with the law, except for the assets prohibited by law or administrative regulations to be used for capital contribution. Where non-monetary assets are used for capital contribution, the assets shall be evaluated and verified, and shall not be overvalued or undervalued.

Shares issued by the company shall be registered Shares.

The transfer of Shares by Shareholders shall be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered Shares by a Shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Shares issued by a company of prior to the [REDACTED] of its Shares shall not be transferred within one year from the date of [REDACTED] of the Shares of the company on a stock exchange. Directors, Supervisors and senior management of a company shall not transfer over 25% of the Shares held by each of them in the company each year during their term of office and shall not transfer any Shares of the company held by each of them within one year after the [REDACTED]. There is no restriction under the Company Law as to the percentage of shareholding a single Shareholder may hold in a company.

A company may, in accordance with the provisions of the Articles of Association, issue the following classes of Shares with rights different from those of ordinary Shares: (1) Shares with preferential or inferior distribution of profits or residual property; (2) Shares with more or fewer voting rights per share than ordinary Shares; (3) Shares whose transfer is subject to restriction on transfer, such as transferring them with the consent of the company; (4) other classes of Shares as prescribed by the State Council. A company making a [REDACTED] of Shares shall not issue the class of Shares specified in items (2) and (3) above, except for those issued prior to the [REDACTED].

Increase of registered capital and issue of shares

Pursuant to the Company Law, where a company proposes to issue new Shares, a resolution shall be passed at a Shareholders’ general meeting in accordance with the Articles of Association to determine the class, amount and issue price of the new Shares. All issue of Shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of Shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue Shares at par value or at a premium, but it may not issue Shares below the par value.

Upon full receipt of the proceeds from the company’s newly issued Shares, the company shall carry out alteration registration with the company registration authority and shall make a public announcement. Pursuant to the Company Law, a company shall keep a register of Shareholders containing the following particulars: the name and domicile of each Shareholder; the number of Shares held by each Shareholder; the number of the Share Certificate held by each Shareholder; and the date on which each Shareholder acquired his or her Shares.

Reduction of registered capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (1) it shall prepare a balance sheet and an asset list;

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

- (2) the reduction of registered capital shall be approved by a Shareholders’ general meeting;
- (3) it shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement in the newspaper within 30 days after the resolution approving the reduction has been passed;
- (4) creditors may, within 30 days since the date of receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and
- (5) it shall apply to the relevant registration administration for the registration of the reduction in registered capital.

If a company still has losses after making up for the losses in accordance with the provisions of the Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the losses, the company shall not make any distribution to the Shareholders, nor shall the Shareholders be exempted from the obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the provisions of the preceding paragraph, the preceding provisions on the procedure for reduction of registered capital shall not apply, but an announcement shall be made in the newspapers or on the national enterprise credit information publicity system within 30 days from the date of the resolution of the Shareholders’ general meeting to reduce the registered capital.

Repurchase of Shares

Pursuant to the Company Law, a joint stock limited company may not repurchase its Shares, except for the following purposes: (1) to reduce the registered capital of the company; (2) to merge with another company holding the company’s Shares; (3) to use the Shares for an employee stock ownership plan or for equity incentives; (4) to request the company to acquire the Shares of Shareholders who dissent from the resolution of the Shareholders’ general meeting on a merger or division of the company; (5) to use the Shares for the conversion of corporate bonds issued by the company that are convertible into Shares; (6) necessary for a listed company to maintain the value of the company and the interests of Shareholders.

The acquisition of the company’s Shares by the company under the circumstances stipulated in items (1) and (2) above shall be resolved by the Shareholders’ general meeting; the acquisition of the company’s Shares by the company under the circumstances stipulated in items (3), (5) and (6) above may be resolved by the Board meeting attended by more than two-thirds of the Directors in accordance with the Articles of Association or the authorization of the Shareholders’ general meeting.

After the company acquires the Shares of the company in accordance with the above provisions, in the case of item (1), the Shares shall be canceled within 10 days from the date of acquisition; in the case of items (2) and (4), the Shares shall be transferred or canceled within 6 months; in the case of items (3), (5) and (6), the company shall not hold Shares of the company in the aggregate in a number that exceeds 10% of the total number of the issued Shares of the company, and shall transfer or cancel the Shares within 3 years.

Where a listed company acquires Shares of the company, it shall fulfill its information disclosure obligations in accordance with the provisions of the Securities Law of the People’s Republic

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

of China. Where a listed company acquires Shares of the company due to the circumstances as set forth in items (3), (5) and (6) above, it shall do so through open and centralized trading.

The company shall not accept its own Shares as the subject of pledge right.

Transfer of Shares

Shares held by Shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of Shares by Shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No change in the register of Shareholders may be made within 20 days prior to the convening of the Shareholders’ general meeting or within 5 days prior to the base date on which the decision to distribute dividends is made. However, if the laws, administrative regulations or the securities regulatory authorities under the State Council provide otherwise for the registration of changes in the register of Shareholders of a listed company, the provisions thereof shall apply.

Pursuant to the Company Law, Shares issued prior to the public issuance of Shares shall not be transferred within one year from the date of the joint stock limited company’s [REDACTED] on a stock exchange. Directors, Supervisors and senior management of the company shall declare to the company the number of Shares held by them in the company and changes therein, and shall not transfer more than 25% of the total number of the company’s Shares held by them in each year of their term of office as determined at the time of their assumption of office; the Shares of the company held by them shall not be transferred within 1 year as of the [REDACTED] of the Shares of the company; and the above-mentioned persons are not allowed to transfer their Shares in the company within six months after their departure.

Shareholder

Pursuant to the Company Law, the rights of holders of ordinary Shares of a joint stock limited company include:

- (1) the right to attend or appoint a proxy to attend Shareholders’ general meetings and to vote thereat;
- (2) the right to transfer Shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (3) the right to inspect the Articles of Association of the company, share register, counterfoil of company debentures, minutes of Shareholders’ general meetings, resolutions of meetings of the Board, resolutions of meetings of the Supervisory Committee and financial and accounting reports and to make proposals or enquires on the company’s operations;
- (4) the right to bring an action in the people’s court to rescind resolutions passed by Shareholders’ general meetings and meetings of the Board where the Articles of Association is violated by the above resolutions;
- (5) the right to receive dividends and other forms of profit distribution according to the proportion of Shares they hold;
- (6) in the event of the termination or liquidation of the company, the right to participate in the distribution of the residual properties of the company in proportion to the number of Shares held; and

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

- (7) other rights granted by laws, administrative regulations, other regulatory documents and the Articles of Association of the company.

The obligations of a Shareholder include the obligation to abide by the Articles of Association of the company, to pay the subscription moneys in respect of the Shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company’s debts and liabilities to the extent of the amount of his/her subscribed Shares and any other Shareholders’ obligation specified in the Articles of Association of the company.

Shareholders’ general meeting

The Shareholders’ general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. Pursuant to the Company Law, the Shareholders’ general meeting exercises the following powers and functions:

- (1) to elect and replace Directors and Supervisors and to decide matters relating to the remuneration of Directors and Supervisors;
- (2) to examine and approve reports of the Board;
- (3) to examine and approve reports of the Supervisory Committee;
- (4) to examine and approve the company’s profit distribution plan and loss recovery plan;
- (5) to resolve on increase or decrease of the registered capital of the company;
- (6) to resolve on the issuance of corporate bonds;
- (7) to resolve on the merger, division, dissolution, liquidation of the company or change of company form;
- (8) to modify the Articles of Association;
- (9) other powers and functions stipulated by the Articles of Association.

The Shareholders’ general meeting shall be convened once a year. When any of the following circumstances occurs, the company shall convene an extraordinary Shareholders’ general meeting within two months of the occurrence of the circumstances:

- (1) the number of Directors is less than the number stipulated by the law or less than two-thirds of the number specified in the Articles of Association;
- (2) the aggregate losses of the company which are not recovered reach one-third of the company’s total paid-in share capital;
- (3) Shareholders alone or in aggregate holding 10% or more of the company’s Shares request for the convening of an extraordinary Shareholders’ general meeting;
- (4) when the Board considers it necessary;
- (5) when the Supervisory Committee so requests; or
- (6) other circumstances stipulated by the Articles of Association.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

Pursuant to the Company Law, the Shareholders’ general meeting shall be convened by the Board and chaired by the Chairman of the Board. If the Chairman is unable to perform his/her duties or fails to perform his/her duties, a Vice Chairman shall preside over the Shareholders’ general meeting. In the event that the Vice Chairman is unable to perform his/her duties or fails to perform his/her duties, a majority of the Directors shall jointly elect a Director to preside over the Shareholders’ general meeting.

If the Board is unable to perform or fails to perform its duty to convene a Shareholders’ general meeting, the Supervisory Committee shall convene and preside over the Shareholders’ general meeting in a timely manner. If the Supervisory Committee fails to convene and preside over such Shareholders’ general meeting, Shareholders who have individually or collectively held more than 10% of the company’s Shares for 90 consecutive days may convene and preside over the Shareholders’ general meeting on their own.

Pursuant to the Company Law, a Shareholders’ general meeting shall be convened by notifying the Shareholders of the time and place of the meeting and the matters to be considered 20 days prior to the convening of the meeting, and an extraordinary Shareholders’ general meeting shall be convened by notifying the Shareholders 15 days prior to the convening of the meeting.

There is no specific provision in the Company Law regarding the number of Shareholders constituting a quorum in Shareholders’ general meeting.

Pursuant to the Company Law, Shareholders attending the Shareholders’ general meeting have one vote per share held, except for class Shareholders. Shares held by the company shall have no voting rights.

Pursuant to the provisions of the Articles of Association or a resolution of the Shareholders’ general meeting, the accumulative voting system may be adopted for the election of Directors and Supervisors at the Shareholders’ general meeting. Under the accumulative voting system, in the election of Directors or Supervisors at the Shareholders’ general meeting, each Share shall be entitled to vote equivalent to the number of Directors or Supervisors to be elected at the Shareholders’ general meetings and Shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions at a Shareholders’ general meeting shall be adopted by a majority of the votes held by the Shareholders present at the meeting. However, resolutions of the Shareholders’ general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the Shareholders present at the meeting: (1) amendments to the Articles of Association; (2) the increase or decrease of registered capital; (3) the merger, division, dissolution, liquidation of the company or change of company form.

Pursuant to the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the Shareholders’ general meetings. The Chairman of the Shareholders’ general meeting and the Directors present at the meeting shall sign on the minutes. The minutes shall be kept together with the Shareholders’ attendance register and the proxy forms.

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

The Board

Pursuant to the Company Law, a joint stock limited company shall have a Board, which shall be composed of at least three members. Members of the Board may include representatives of the employees of the company, who shall be democratically elected by the company’s staff at the staff representative assembly, general staff meeting or otherwise. The term of the Directors shall be prescribed by the Articles of Association, provided that each term may not exceed 3 years. Upon maturity of the term of office, a Director shall be eligible to offer himself for re-election and re-appointment. A Director shall continue to perform his/her duties in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of Directors results in the number of Directors being less than the quorum.

Pursuant to the Company Law, the Board mainly exercises the following powers and functions:

- (1) to convene Shareholders’ general meetings and presenting reports thereto;
- (2) to implement resolutions adopted by the Shareholders’ general meeting;
- (3) to decide on the company’s business plans and investment proposals;
- (4) to formulate the profit distribution plan and loss recovery plan of the company;
- (5) to formulate proposals for the increase or reduction of the company’s registered capital and the issuance of corporate bonds;
- (6) to develop the scheme on the merger, division, dissolution and change of company form of the company;
- (7) to determinate the setup of the company’s internal management structure;
- (8) to appoint or remove the Manager of the company, appoint or remove, upon the Manager’s recommendation, Deputy Managers of the company and the officer in charge of finance, and determine the remuneration for those officers;
- (9) to formulate the basic management system of the company; and
- (10) other powers and functions conferred by the Articles of Association or the Shareholders’ general meeting.

Board meetings

Pursuant to the Company Law, meetings of the Board of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Supervisors 10 days before the meeting. Interim Board meetings may be proposed to be convened by Shareholders representing more than 10% of voting rights, more than one-third of the Directors or the Supervisory Committee. The Chairman shall convene and preside over a Board meeting within ten days after receiving the proposal. A Board meeting not be held unless half or more of the Directors are present. Resolutions of the Board shall be passed by more than half of all Directors. Each Director shall have one vote for the resolutions approved by the Board. Directors shall attend Board meetings in person. If a Director is unable to attend a Board meeting, he/she may appoint another Director by a written power of attorney specifying the scope of the authorization to attend the meeting on his/her behalf.

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

If a resolution of the Board violates the laws, administrative regulations or the Articles of Association, and as a result of which the company sustains serious losses, the Directors participating in the resolution are liable to compensate the company. However, if it can be proved that a Director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from that liability.

Chairman

Pursuant to the Company Law, the Board shall appoint a Chairman and may appoint a Vice Chairman. The Chairman and the Vice Chairman are elected with approval of more than half of all the Directors. The Chairman shall convene and preside over Board meetings and examine the implementation of Board resolutions. The Vice Chairman shall assist the work of the Chairman. In the event that the Chairman is incapable of performing or not performing his/her duties, the duties shall be performed by the Vice Chairman. In the event that the Vice Chairman is incapable of performing or not performing his/her duties, a Director nominated by more than half of the Directors shall perform his/her duties.

Qualifications of Directors

The Company Law provides that the following persons may not serve as a Director:

- (1) persons without capacity or with limited capacity for civil acts;
- (2) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in case of a suspended sentence, not more than two years have elapsed since the date of expiration of the probationary period;
- (3) persons who were former Directors, factory managers or Managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (4) persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (5) persons who have been listed by the People’s Court as defaulter because they have incurred debts of a large amount that have not been settled by the due date.

Supervisory Committee

A joint-stock company may, in accordance with the provisions of the Articles of Association, set up an Audit Committee consisting of Directors on its Board to exercise the powers and functions of the Supervisory Committee under the provisions of this Law, and may not have a Supervisory Committee or Supervisors.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

A joint stock limited company shall have a Supervisory Committee composed of not less than three members. The Supervisory Committee is made up of representatives of the Shareholders and an appropriate proportion of employee representatives of the company, of whom not less than one-third shall be Supervisors representing employees, as specified in the Articles of Association. Employee representatives of the company in the Supervisory Committee shall be democratically elected by the employees at the employee representative general meeting, employee general meeting or otherwise.

A Director and a senior management of the company shall not serve concurrently as a Supervisor.

The Supervisory Committee shall have a chairman and may have a vice chairman. The chairman and vice chairman of the Supervisory Committee shall be elected by more than half of all Supervisors. The chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the vice chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. In the event that the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a Supervisor jointly nominated by more than half of all the Supervisors.

Each term of a Supervisor shall be three years, and a Supervisor may continue to serve his/her post if he/she is re-elected. A Supervisor shall continue to perform his/her duties in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of Supervisors results in the number of Supervisors being less than the quorum.

The Supervisory Committee shall convene a meeting at least every six months. According to the Company Law, the Supervisory Committee shall make resolutions with the consent of a majority of all Supervisors.

The Supervisory Committee exercises the following functions and power:

- (1) to examine financial operations of the company;
- (2) to monitor any acts of Directors and senior management of the company in their performance of duties, and to propose the removal of Directors and senior management who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders’ general meeting;
- (3) to require the Directors or senior management to correct their acts that are detrimental to the company’s interests;
- (4) to propose to convene an extraordinary Shareholders’ general meeting, and to convene and preside over Shareholders’ general meetings when the Board fails to perform the duty of convening and presiding over the Shareholders’ general meeting under this Law;
- (5) to submit proposals to the Shareholders’ general meeting;
- (6) to raise litigation against any Director or senior management according to the relevant provisions of the Company Law; and
- (7) other powers and functions stipulated by the Articles of Association.

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

Manager and Senior Management

Under the Company Law, the company shall have a Manager who shall be appointed or removed by the Board. The Manager shall be accountable to the Board and exercise his/her authority in accordance with the provisions of the Articles of Association or as delegated by the Board. The Manager shall be present at Board meetings.

According to the Company Law, senior management shall mean the Manager, Deputy Manager, person-in-charge of finance, Secretary to the Board (in case of a listed company) of the company and other personnel as stipulated in the Articles of Association.

Duties of the Directors, Supervisors and Senior Management

Directors, Supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the Articles of Association, and have fiduciary and diligent duties to the company. Directors and senior officers are prohibited from:

- (1) Misappropriation of the company’s property or funds;
- (2) Depositing company assets into an account in his/her own name or in any other individual’s name;
- (3) Using his/her position to bribe or receive other illegal income;
- (4) Accepting and keeping privately commissions on transactions with the company;
- (5) Disclosing the secrets of the company without authorization;
- (6) Other acts in violation of the duty of loyalty to the company.

Directors, supervisors and senior management, who directly or indirectly enter into contracts or conduct transactions with the company, shall report to the Board or the shareholders’ general meeting on matters relating to the conclusion of the contract or the conduct of the transaction, which shall be adopted by a resolution of the Board or the Shareholders’ general meeting in accordance with the provisions of the Articles of Association. The provisions of the preceding paragraph shall apply to the conclusion of contracts or transactions with the company by close relatives of Directors, Supervisors and senior management, enterprises directly or indirectly controlled by Directors, Supervisors and senior management or their close relatives, as well as connected persons with whom Directors, Supervisors and senior management have other affiliations.

Directors, Supervisors and senior management shall not utilize the convenience of their positions to seek business opportunities belonging to the company for themselves or others. Directors, Supervisors and senior management shall not operate the same kind of business as the company for himself/herself or for another person without reporting to the Board or the Shareholders’ general meeting and passing a resolution by the Board or the Shareholders’ general meeting in accordance with the provisions of the Articles of Association.

Finance and Accounting

Under the Company Law, the company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

State Council. The company shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company’s financial and accounting report shall be prepared in accordance with the provisions of laws, administrative regulations and the regulations of the financial department of the State Council. Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all Shareholders within the time limit stipulated in the Articles of Association and make its financial and accounting reports available at the company for inspection by the Shareholders at least 20 days before the convening of the Shareholders’ general meeting.

A company that publicly offers shares shall announce its financial and accounting reports.

When distributing each year’s after-tax profits, the company shall set aside 10% of its after-tax profits into a statutory surplus reserve (except where the reserve has reached 50% of its registered capital).

Where the statutory surplus reserve of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory surplus reserve in accordance with the above provisions.

After the company has withdrawn the statutory surplus reserve from the after-tax profit, it can withdraw the arbitrary surplus reserve from the after-tax profit by a resolution of the Shareholders’ general meeting.

The after-tax profit remaining after the company has made up for its losses and withdrawn its surplus reserve, unless all the Shareholders have agreed not to distribute the profit in accordance with the proportion of their capital contributions; a joint-stock limited company distributes its profit in accordance with the shareholding by its Shareholders, unless otherwise provided for in the Articles of Association.

Shares held by the Company shall not be entitled to any distribution of profit.

Premiums received by the company from the issuance of Shares at an issue price in excess of the par value of the Shares, the amount of Share proceeds from the issuance of no-par Shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve, shall be included in the capital reserve of the company.

The Company’s surplus reserve shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Surplus reserve to make up for the company’s losses shall be used first for arbitrary surplus reserve and statutory surplus reserve; if the makeup fails, the capital reserve can be used in accordance with the regulations. When statutory surplus reserve is converted to increase registered capital, the statutory surplus reserve retained shall not be less than 25% of the company’s registered capital before the conversion.

The Company shall have no other accounting books except the statutory accounting books. The company’s assets shall not be deposited in any accounts opened in the name of any individual.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

Appointment and Retirement of Accounting Firms

According to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by the Shareholders’ general meeting or the Board in accordance with the Articles of Association. The accounting firm shall be allowed to make representations when the Shareholders’ general meeting or the Board conducts a vote on the dismissal of the accounting firm. The company shall provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false reports.

Profit Distribution

According to the Company Law, the company shall not distribute profits before losses are covered and the statutory surplus reserve is withdrawn.

Amendment of the Articles of Association

Any amendments to the company’s Articles of Association shall be made in accordance with the procedures set out in the company’s Articles of Association.

Dissolution and Liquidation

According to the Company Law, the company shall be dissolved under any of the following circumstances:

- (1) Business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- (2) The Shareholders’ general meeting resolves to dissolve the company;
- (3) A dissolution is required due to merger or division of the company;
- (4) The company is revoked of business license according to law, ordered to close or canceled;
- (5) If the company has serious difficulties in its operation and management, and its continued existence will cause major losses to the interests of Shareholders and cannot be resolved by other means, the people’s court shall dissolve the company at the request of Shareholders holding more than ten percent of the company’s voting rights.

In the event a company falls under item (1) or (2) above and has not yet distributed property to its shareholders, it may carry on its existence by amending its Articles of Association or by a resolution of the Shareholders’ general meeting. The amendment of the Articles of Association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of Shareholders attending the Shareholders’ general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (1), (2), (4) or (5) above, a liquidation committee shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

The members of the company’s liquidation committee shall be composed of its Directors or the personnel appointed by the Shareholders’ general meeting. If a liquidation committee is not established within the stipulated period, creditors may apply to the people’s court and request the court to appoint relevant personnel to form the liquidation committee. The people’s court shall accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee shall exercise the following functions and power during liquidation:

- (1) to clear up the assets of the company and prepare a balance sheet and property list respectively;
- (2) to notify creditors by a notice or public announcement;
- (3) to handle the outstanding business of the company in connection with liquidation;
- (4) to settle all outstanding tax payment and the tax payment which arise in the course of the liquidation process;
- (5) to clear up claims and debts;
- (6) to distribute the remaining assets after full payment of the company’s debts;
- (7) to participate in civil litigation on behalf of the company.

The liquidation committee shall notify the company’s creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his/her claim with the liquidation committee within 30 days after receiving the notification, or within 45 days of the public notice if he/she did not receive any notification. A creditor shall state all matters relevant to his/her creditor rights in making his/her claim and furnish evidence. The liquidation committee shall register such claims. The liquidation committee shall not make any debt rights settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the Shareholders’ general meeting or people’s court for confirmation.

The company’s remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to Shareholders according to their shareholding proportion. The company shall continue to exist during the liquidation period but may only engage in any operating activities related to the liquidation. The company’s properties shall not be distributed to the Shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company’s properties and the preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it shall apply to the people’s court for bankruptcy liquidation.

After the people’s court accepts the bankruptcy petition, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator appointed by the people’s court.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the Shareholders’ general meeting or the people’s court for confirmation. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company’s registration, and a public notice of its termination shall be issued. Members of the liquidation committee are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation committee shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company’s properties.

A member of the liquidation committee is liable to indemnify the company and its creditors in respect of any loss arising from his/her intentional or gross negligence.

Loss of Share Certificates

In the event that a registered share certificate is lost, stolen or destroyed, the Shareholder concerned may apply to the People’s Court to declare the certificate null and void in accordance with the relevant provisions of the Civil Procedure Law. After the people’s court has invalidated such share certificate through the public notice procedure, the Shareholder may apply to the company for re-issuance of a certificate for the share.

Merger and Division

The company may merge by absorption or by creating a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

PRC SECURITIES LAWS AND REGULATIONS

China has enacted a number of regulations governing the issuance and trading of our Shares and the disclosure of information. In October 1992, the State Council set up the Securities Commission of the State Council and the CSRC. The Securities Commission of the State Council is responsible for coordinating the drafting of securities-related laws and regulations, formulating policies on securities matters, planning the development of the securities market, and guiding, coordinating and supervising all organizations involved in securities matters in China, as well as managing the China Securities Regulatory Commission (CSRC). The CSRC is a regulatory body under the Securities Commission of the State Council, responsible for drafting regulatory laws and regulations governing the securities market, supervising securities companies, overseeing [REDACTED] of securities by Chinese companies in China and abroad, regulating securities trading, compiling securities-related statistics, and conducting related research and analysis. On March 29, 1998, the State Council merged the two organizations and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations on the Administration of Share Issuance and Trading to regulate the application and approval procedures for [REDACTED] of equity securities, the purchase and sale of equity securities, the acquisition of listed companies, the deposit, settlement and transfer of listed equity securities, and the disclosure of information on listed companies, investigations, penalties and the resolution of disputes.

APPENDIX IV

SUMMARY OF PRINCIPAL PRC AND HONG KONG LEGAL AND REGULATORY PROVISIONS

On December 25, 1995, the State Council promulgated the “Regulations of the State Council on Domestically Listed Foreign Shares of Joint Stock Limited Companies”, which mainly regulate the issuance, subscription, purchase and sale of domestically listed foreign Shares and dividend declaration, and the disclosure of information by joint stock limited companies that own domestically listed foreign Shares.

The PRC Securities Law became effective on July 1, 1999 and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is China’s first national securities law, which is divided into 14 chapters and 226 articles, regulating, among other things, the issuance and trading of securities, takeovers of listed companies, stock exchanges, securities companies and the duties of securities regulatory authorities under the State Council. The PRC Securities Law comprehensively regulates the activities of China’s securities market. Article 224 of the PRC Securities Law provides that domestic enterprises that directly or indirectly issue securities outside China or list and trade their securities outside China shall comply with the relevant provisions of the State Council. At present, the issuance and trading of overseas issued securities (including H Shares) are mainly regulated by rules and regulations promulgated by the State Council and the CSRC.

The CSRC promulgated the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies ([2019] No. 22) on November 14, 2019, which became effective on the same day. The purpose of the Guidelines is to regulate the [REDACTED] and circulation on the Stock Exchange of the unlisted domestic Shares of H-share companies listed on the Hong Kong Stock Exchange (including unlisted domestic Shares held by domestic Shareholders prior to their [REDACTED] overseas, unlisted domestic Shares issued domestically after their [REDACTED] overseas, and unlisted Shares held by Shareholders outside Hong Kong) (hereinafter referred to as “full circulation”). To apply for full circulation, an H-Share company shall file the application with the CSRC according to the administrative licensing procedures necessary for the “Examination and Approval of Public Issuance and [REDACTED] (Including Additional Issuance) of Shares Overseas By A Joint Stock Company”. H-share companies may make separate or simultaneous applications for “full circulation” when applying for overseas refinancing. Unlisted domestic companies may apply for “full circulation” at the same time as they apply for an overseas [REDACTED] and [REDACTED].

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the People’s Republic of China (the “Arbitration Law”) was adopted on August 31, 1994, became effective on September 1, 1995, and was amended on August 27, 2009 and September 1, 2017, respectively. The Arbitration Law applies when the parties have agreed in writing to submit the dispute in question to an arbitration commission constituted under the Arbitration Law for the arbitration of disputes relating to contracts and other property, and the parties to the dispute shall be natural persons, legal persons and other organizations. According to the Arbitration Law, before the China Arbitration Association formulates arbitration rules, the Arbitration Commission, in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law, may formulate provisional rules for arbitration. Unless the arbitration agreement is invalid, the people’s court shall not accept a dispute that has been settled by arbitration in accordance with the agreement of the parties.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

According to the Arbitration Law and the Civil Procedure Law, the award made by the arbitration institution is final and binding on both parties to the arbitration. If one of the parties to the arbitration fails to comply with the arbitral award, the other party to the arbitral award may apply to the people’s court for enforcement. The people’s court shall enforce the arbitral award upon receipt of the relevant application. If the arbitration procedure is unlawful (including, but not limited to, the composition of the Arbitration Commission or the procedure of the arbitration being in violation of the statutory procedure, or the matters to be awarded not falling within the scope of the arbitration agreement or the Arbitration Commission not having the authority to arbitrate), the people’s court, after forming a collegial panel to examine and verify the matter, decides that the arbitration decision made by the Arbitration Commission shall not be enforced.

A party seeking to enforce an arbitral award made by the China Arbitration Commission against another party who is not physically present in China or whose property is not located in China may apply for enforcement of the arbitral award to a foreign court having jurisdiction over the case. Similarly, arbitral awards made by foreign arbitral institutions may also be recognized and enforced by Chinese courts in accordance with the principle of reciprocity or any international treaty signed or acceded to by China. China acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”), adopted on June 10, 1958, pursuant to a resolution of the Standing Committee of the National People’s Congress adopted on December 2, 1986. Under the New York Convention, member states of the New York Convention are required to recognize and enforce all arbitral awards made by other member states under the New York Convention, but are entitled to refuse to enforce an arbitral award in a number of circumstances, including where enforcement of the arbitral award conflicts with the public policy of the state in which the arbitration is to be enforced. Upon China’s accession to the New York Convention, the Standing Committee of the National People’s Congress declared that: (i) the New York Convention applies only to the recognition and enforcement of arbitral awards rendered on the basis of principles of equity in the territories of the other parties; and (ii) the New York Convention applies only to disputes that are deemed to arise out of a contractual or non-contractual commercial legal relationship under the laws of China.

Pursuant to the “Arrangement of the Supreme People’s Court Concerning Reciprocal Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region” promulgated by the Supreme People’s Court on January 24, 2000, which came into effect on February 1, 2000, and the “Supplementary Arrangement of the Supreme People’s Court Concerning Reciprocal Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region” promulgated on November 26, 2020 (with Articles I and IV coming into force on November 27, 2020, and Articles II and III coming into force on May 19, 2021), the Hong Kong courts have agreed to enforce awards made under the Arbitration Law by Chinese Mainland arbitral institutions (the list of which was provided by the former Legislative Affairs Office of the State Council through the Hong Kong and Macao Affairs Office of the State Council), and the people’s courts of Chinese Mainland have agreed to enforce awards made in Hong Kong in accordance with the Hong Kong Arbitration Ordinance. Enforcement of an award made by a Hong Kong arbitral institution in the Chinese Mainland may not be enforced if the people’s court of the Chinese Mainland is of the opinion that enforcement of the award in the Chinese Mainland would be contrary to the public interest of the Chinese Mainland, or if the court of Hong Kong is of the opinion that enforcement of the arbitral award in Hong Kong would be contrary to the public interest of Hong Kong.

APPENDIX IV**SUMMARY OF PRINCIPAL PRC AND HONG KONG
LEGAL AND REGULATORY PROVISIONS**

JUDICIAL DECISION AND ENFORCEMENT

According to the Arrangement of the 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 promulgated by the Supreme People’s Court on July 3, 2008 and implemented on August 1, 2008, a party with a final court judgment rendered by a PRC court and a Hong Kong court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply to the PRC court or Hong Kong court for recognition and enforcement of the judgment according to the Arrangement. “A choice of court agreement in writing” is defined as any agreement in writing entered into between parties for the purpose of resolving a dispute that has arisen or is likely to arise in connection with a particular legal relationship, in which a PRC court or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Accordingly, the final court judgment satisfying the aforesaid conditions of the Arrangement may be recognized and enforced by the PRC court or Hong Kong court upon the application by the parties concerned. On January 18, 2019, the Supreme People’s Court and the Hong Kong Government signed the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases between the Courts of the Mainland and the Hong Kong Special Administrative Region (the “New Arrangement”), with the aim of establishing a more transparent and clearer mechanism for the reciprocal recognition and enforcement of a wider range of judgments in civil and commercial cases between Hong Kong and China. The New Arrangement terminates the requirement for reciprocal recognition and enforcement of the choice of court agreement in writing. The New Arrangement will come into effect only after the promulgation of the judicial interpretation by the Supreme People’s Court and the completion of the related legislative procedures in Hong Kong. The new Arrangement will replace the Arrangement of the 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 upon its entry into force. As a result, it may be difficult or impossible to enforce Hong Kong court judgments in the PRC if the disputing parties do not agree to enter into a choice of court agreement in writing before the New Arrangement comes into effect.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association adopted on August 9, 2024, which will become effective on the date of [REDACTED] of the H Shares on the Stock Exchange. The main purpose of this appendix is to provide potential investors with an overview of the company’s Articles of Association, and therefore it may not contain all the data that is important to potential investors.

ISSUE OF SHARES

The company’s Shares take the form of Share certificates.

The company shall issue Shares under the principles of openness, fairness and equality. Each Share of the same class shall have equal rights.

Shares of the same class issued at the same time shall be issued on the same terms and at the same price per Share; the same price shall be paid for each Share subscribed for by any entity or individual.

The Share certificates issued by the company shall have a par value denominated in Renminbi, with a par value of RMB1 per Share.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

The company may increase its capital in the following ways based on the needs of its operation and development, and in accordance with the provisions of laws and regulations, and upon the resolution of the Shareholders’ general meeting:

- (I) [REDACTED] of Shares;
- (II) Private [REDACTED] of Shares;
- (III) Distribution of bonus Shares to existing Shareholders;
- (IV) Converting capital reserve into share capital;
- (V) Other means as prescribed by laws and regulations and approved by competent administrative authorities.

The company shall not issue preferred Shares that are convertible into ordinary Shares.

The company may reduce its registered capital. The company shall reduce its registered capital in accordance with the Company Law and other relevant regulations as well as the procedures as stipulated in the Articles of Association.

The company shall not acquire its Shares. However, there is an exception for one of the following circumstances:

- (I) Reduction of the registered capital of the company;
- (II) Merging with other companies that hold the Shares of the company;
- (III) Use of Shares for employee Share ownership schemes or for equity incentive;
- (IV) Shareholders disagreeing with the merger or division resolution made by the Shareholders’ general meeting ask the company to acquire their Shares;

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (V) Use of Shares for converting corporate bonds issued by the company that are convertible into Shares;
- (VI) Necessary for the company to protect the corporate value and the Shareholders' equity;
- (VII) Other circumstances permitted by laws, regulations, and regulatory rules of the place where the company's Shares are listed.

The acquisition of Shares of the company by the company may be carried out through open and centralized trading, or in other ways recognized by laws, administrative regulations and the securities regulatory authorities of the place where the company's Shares are listed.

Any acquisition of Shares of the company by the company under the circumstances set forth in items (III), (V) and (VI) of paragraph 1 above shall be carried out through open and centralized trading, subject to compliance with the applicable securities regulatory rules of the place where the company's Shares are listed.

The acquisition of Shares of the company by the company under the circumstances specified in items (I) and (II) of paragraph 1 above shall be resolved by the Shareholders' general meeting; the acquisition of Shares of the company by the company under the circumstances set forth in items (III), (V) and (VI) of paragraph 1 above shall be resolved by the Board meeting attended by more than two-thirds of the Directors in accordance with the Articles of Association or the authorization of the Shareholders' general meeting.

After the company acquires the Shares of the company in accordance with the provisions of paragraph 1 above, subject to the applicable securities regulatory rules of the place where the company's Shares are listed, in the case of item (I), the Shares shall be canceled within 10 days from the date of acquisition; in the case of items (II) and (IV), the Shares shall be transferred or canceled within six months; in the case of items (III), (V) and (VI), the number of Shares of the company held by the company in the aggregate shall not exceed 10% of the total number of issued Shares of the company, and shall be transferred or canceled within three years.

TRANSFER OF SHARES

The Shares of the company may be transferred in accordance with the law. The transfer of H Shares shall be registered with the local share registrar in Hong Kong entrusted by the company.

The company shall not accept the company's Shares as the subject matter of pledge.

Shares issued prior to the [REDACTED] of the company's Shares shall not be transferred within one year from the date of [REDACTED] and [REDACTED] of the company's Shares on the stock exchange. Where laws, administrative regulations or the securities regulatory authorities under the State Council otherwise provide for the transfer of Shares of the company held by Shareholders or de facto controllers of the listed company, such provisions shall apply.

Directors, Supervisors and senior management of the company shall declare to the company their holdings of the company's Shares and changes therein, and shall not transfer more than 25% of the total number of Shares of the company held by them in each year of their term of office as determined at the time of their assumption of office; and their holdings of the company's Shares shall not be transferred within one year from the date of [REDACTED] and [REDACTED] of the company's Shares. The above persons shall not transfer their Shares in the company within six months after their departure.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

If the Shares are pledged within the period of restriction on transfer prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right within such period.

Where the relevant regulations of the securities regulatory authorities of the place where the company’s Shares are listed provide otherwise for restrictions on the transfer of the company’s Shares listed overseas, such regulations shall apply.

If the Director, Supervisor, senior management, or Shareholder holding more than 5% of the company’s Shares sells the company’s Shares or other securities of an equity nature held by them within six months after purchase, or buys again within six months after sale, the proceeds therefrom shall belong to the company, and the Board of the company shall reclaim the proceeds therefrom. However, if a securities company holds more than 5% of the Shares after purchasing the remaining Shares upon [REDACTED] due to underwriting, and other circumstances stipulated by the CSRC are excluded. If the listing rules of the stock exchange where the company’s Shares are listed provide otherwise for restrictions on the transfer of H Shares, such provisions shall apply.

The Shares or other securities with an equity nature held by Directors, Supervisors, senior management and natural person Shareholders as mentioned in the preceding paragraph shall include the Shares or other securities with an equity nature held by their spouses, parents, children, and those held in the accounts of others.

In the event that the Board of the company fails to comply with the above provisions, the Shareholders shall have the right to request the Board to do so within 30 days.

If the Board of the company fails to follow the above-mentioned deadline, the Shareholders shall have the right to file a lawsuit directly to the people’s court in their own name in the interest of the company.

If the Board of the company fails to comply with the above provisions, the responsible Directors shall be jointly and severally liable in accordance with the law.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

(1) Shareholders

The company establishes a register of Shareholders and registers Shareholders based on the certificates provided by the securities registrar and in accordance with the laws, regulations and regulatory filings, the Hong Kong Listing Rules, etc. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Shares of the company.

The original register of H Shareholders shall be maintained in Hong Kong for inspection by Shareholders.

The Shareholders shall enjoy the rights and assume the obligations according to the class and amount of the Shares they hold. The Shareholders holding the same class of Shares shall enjoy the equal rights and assume the equal obligations.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

(2) Rights and obligations of Shareholders

The Shareholders of the company shall be entitled to the following rights:

- (I) to receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;
- (II) to legally request, convene, preside over, attend or appoint a proxy to attend Shareholders’ general meetings, and to speak and exercise the corresponding voting rights at Shareholders’ general meetings;
- (III) to supervise the company’s operations, and to put forward proposals and raise inquiries;
- (IV) to transfer, grant or pledge the Shares they hold in accordance with the laws, regulations, the relevant provisions of the securities regulatory authorities and stock exchange in the places where the company’s Shares are listed and the provisions of the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of Shareholders, minutes of Shareholders’ general meetings, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee, and financial and accounting reports; Shareholders who individually or collectively hold more than 3% of the Shares of the company for a period of more than 180 consecutive days may inspect the company’s accounting books and documents after fulfilling the procedures required by laws and regulations;
- (VI) to request the company to repurchase Shares held by the Shareholders if they oppose the merger or division of the company at the Shareholders’ general meeting;
- (VII) to participate in the distribution of remaining assets of the company in proportion to the number of Shares they held, in the event of the termination or liquidation of the company;
- (VIII) to inspect at the Hong Kong branch register of Shareholders of the company. However, the register of Shareholders of the company may be closed on terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
- (IX) other rights conferred by laws, regulations, relevant provisions of the securities regulatory authorities and stock exchanges where the company’s securities are listed, and the Articles of Association.

Shareholders of the company shall assume the following obligations:

- (I) to comply with the laws, administrative regulations and the Articles of Association;
- (II) to pay capital contributions in accordance with the Shares subscribed and the capital participation method;
- (III) no withdrawal from the company except for the circumstances set out in the relevant laws and regulations;
- (IV) not to abuse Shareholder’s rights to damage the interests of the company or other Shareholders; not to abuse the independent legal person status of the company and the limited liability of Shareholders to damage the interests of the creditors of the company;
- (V) other obligations to be assumed by the Shareholders according to laws, regulations, and the Articles of Association.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

A Shareholder of the company who abuses the rights of Shareholders to cause losses to the company or other Shareholders shall be liable for compensation in accordance with the law. If any Shareholder of the company abuses the independent legal person status of the company and the limited liability of Shareholders to evade debts and severely damages the interests of the creditors of the company, such Shareholder shall bear joint liability for the debts of the company.

RESTRICTIONS ON RIGHTS OF CONTROLLING SHAREHOLDERS

The controlling Shareholders and de facto controllers of the company shall not use their connections to prejudice the interests of the company, and, where any losses are incurred in violation hereof, shall be liable for compensation.

The controlling Shareholders and de facto controllers of the company shall bear the fiduciary duty to the company and other Shareholders. The controlling Shareholders shall exercise the rights of the investor in strict accordance with law. The controlling Shareholders shall not damage the legitimate rights and interests of the company and other Shareholders by means of profit distribution, asset restructuring, outbound investment, capital occupation, loan guarantee, etc., and shall not damage the interests of the company and other Shareholders by means of its controlling position.

If a controlling Shareholder of the company abuses its Shareholders’ rights to the serious detriment of the interests of the company or other Shareholders, the other Shareholders shall have the right to request the company to acquire their Shares at a reasonable price, subject to compliance with the applicable rules of the securities regulatory authorities of the place where the company’s Shares are listed.

SHAREHOLDERS’ GENERAL MEETING

General Provisions of the Shareholders’ General Meeting

The Shareholders’ general meeting shall be the organ of authority of the company and shall exercise the following functions and powers according to law:

- (I) to elect or replace Directors and Supervisors who are not employee representatives and to decide matters relating to the remuneration of Directors and Supervisors;
- (II) to consider and approve reports of the Board;
- (III) to consider and approve reports of the Supervisory Committee;
- (IV) to consider and approve the company’s profit distribution plan and loss recovery plan;
- (V) to resolve on increase or decrease of the registered capital of the company;
- (VI) to resolve on issuance of bonds of the company;
- (VII) to resolve on the merger, division, dissolution, liquidation of the company or change in the organizational form of the company;
- (VIII) to amend the Articles of Association;
- (IX) to resolve on the engagement or removal of the accounting firm by the company;
- (X) to consider and approve external guarantees that are required to be approved by the Shareholders’ general meeting as stipulated by laws, regulations and the Articles of Association;

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (XI) to consider the company's purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the company's audited total assets for the latest period;
- (XII) to consider equity incentive scheme and employee stock ownership plan;
- (XIII) to approve connected transactions which are required to be approved by the Shareholders' general meeting in accordance with the laws, regulations, listing rules of the stock exchange where the company's Shares are listed and the Articles of Association;
- (XIV) other matters to be decided by the Shareholders' general meeting as stipulated by laws, regulations, the listing rules of the stock exchange where the company's Shares are listed and the Articles of Association.

The following external guarantees of the company shall be considered and approved by the Shareholders' general meeting:

- (I) any guarantee provided after the total amount of the external guarantees provided by the company and its controlled subsidiaries exceeds 50% of the audited net assets for the latest period;
- (II) any guarantee provided after the total amount of the external guarantees provided by the company exceeds 30% of the company's audited total assets for the latest period;
- (III) the guarantee with its amount provided by the company within one year exceeding 30% of the company's audited total assets for the latest period;
- (IV) the guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70%;
- (V) any single guarantee with its amount exceeding 10% of the audited net assets for the latest period;
- (VI) any guarantee provided to Shareholders, de facto controllers and their related parties;
- (VII) any other guarantee circumstances stipulated in the laws, regulations, regulatory rules of the place where the company's Shares are listed and the Articles of Association.

The above external guarantees that shall be approved by the Shareholders' general meeting shall be submitted to the Shareholders' general meeting for approval only after being considered and approved by the Board.

The Board has the right to consider and approve the external guarantees other than the foregoing that are subject to approval of the Shareholders' general meeting.

When the proposal for providing guarantees to a Shareholder, de facto controller and related party is considered by the Shareholders' general meeting, the relevant Shareholder or the Shareholders controlled by the de facto controller shall not participate in the voting, and this proposal shall be adopted by the majority votes of other Shareholders present at the meeting.

Except in special circumstances, such as when the company is in crisis, the company shall not, without the approval of Shareholders' general meeting by a special resolution, make and enter into contracts with persons other than Directors, General Manager and other senior management granting such persons the responsibility for managing all or part of the company's material business.

APPENDIX V**SUMMARY OF THE ARTICLES OF ASSOCIATION**

Shareholders’ general meetings are categorized into annual Shareholders’ general meetings and extraordinary Shareholders’ general meetings. The annual Shareholders’ general meeting shall be held once a year and shall be held within six months after the end of the preceding fiscal year.

In the event of any of the following circumstances, the company shall convene an extraordinary Shareholders’ general meeting within two months from the date of occurrence of the fact:

- (I) When the number of Directors is below the quorum specified in the Company Law or two-thirds of the number required by the Articles of Association;
- (II) When the company’s losses which are not covered amount to one-third of the total share capital;
- (III) At the request of Shareholders who individually or collectively hold 10% or more of the company’s Shares;
- (IV) When the Board considers it necessary;
- (V) When the Supervisory Committee proposes to hold such a meeting;
- (VI) Other cases stipulated by laws, regulations, or the Articles of Association.

The number of Shares held by the Shareholders referred to in the preceding item (III) shall be calculated on the basis of the Shares of the company held by the Shareholders on the date of their written requests.

Notice of Shareholders’ General Meeting

The convener shall notify the Shareholders in writing at least 21 days before the annual Shareholders’ general meeting and at least 15 days before the extraordinary Shareholders’ general meeting.

The notice of the Shareholders’ general meeting shall be delivered to the Shareholders (whether he/she has voting rights at the Shareholders’ general meeting or not) by sending to the address of the Shareholders listed in the register of Shareholders via personal delivery or prepaid mail, or, subject to the applicable laws and regulations and the listing rules of the place where the company’s Shares are listed, making an announcement on the company’s website or other designated websites of the Hong Kong Stock Exchange. Where an announcement is required to be made to Shareholders of overseas listed foreign Shares under the Articles of Association, such announcement shall at the same time be published in accordance with the ways prescribed under the Hong Kong Listing Rules. For the holders of domestic Shares, the notice of Shareholders’ general meeting may also be given by means of a public announcement.

When the company calculates the starting period of the aforementioned “21 days” and “15 days”, it does not include the day on which the meeting is held, but includes the day on which the notice is given.

The notice of Shareholders’ general meeting shall include the following particulars:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals to be considered at the meeting;

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (III) explicit textual explanation that all ordinary Shareholders (including preferred Shareholders whose voting rights have been restored) are entitled to attend the Shareholders' general meeting and may appoint a proxy in writing to attend and vote at the meeting, and that such proxy need not be a Shareholder of the company;
- (IV) the record date for Shareholders who are entitled to attend the Shareholders' general meeting;
- (V) containing the name and telephone number of the regular contact person for the meeting;
- (VI) the voting time and voting procedures of the meeting for the online voting or other means of voting;
- (VII) other requirements stipulated in the laws, regulations, regulatory rules of the place where the company's Shares are listed and the Articles of Association.

The notice and the supplementary notice of the Shareholders' general meeting shall fully and completely disclose all the specific content of all proposals. Where the matters to be discussed require opinions from independent non-executive Directors, the opinions and reasons of independent non-executive Directors shall be provided at the time when the notice or the supplementary notice of the Shareholders' general meeting is issued.

Convening of Shareholders' General Meeting

The Board and other conveners of the company shall take necessary measures to ensure the proper order of the Shareholders' general meeting. Any act that interferes with the Shareholders' general meeting, stirs up troubles or infringes upon the Shareholders' legitimate rights and interests shall be stopped by measures and promptly reported to the relevant departments for investigation.

All ordinary Shareholders (including preferred Shareholders whose voting rights have been restored) or their proxies registered on the record date are entitled to attend the Shareholders' general meeting and to speak and exercise their voting rights at the meeting in accordance with the relevant laws, regulations and the Articles of Association (unless individual Shareholders are required to waive their voting rights in respect of individual matters by the rules of the securities regulatory authorities in the place where the company's Shares are listed).

Shareholders may attend the Shareholders' general meeting in person, or they may appoint a proxy, who need not be a Shareholder of the company, to attend, speak and vote on their behalf.

A Shareholder shall appoint a proxy via written power of attorney or at another designated electronic address recognized by the Board, which shall be signed by the principal or the proxy or submitted at a designated electronic address or by electronic means; if the principal is a legal person, the power of attorney shall be affixed with the seal of the legal person or signed by the duly appointed proxy or submitted at a designated electronic address or by electronic means.

If the Shareholder is a recognized [REDACTED] (or its proxy) in the place where the company's Shares are listed, the Shareholder may authorize one or more persons as it thinks fit to act as its representative(s) at any Shareholders' general meeting or any creditors' meeting. However, if more than one person is authorized, the power of attorney shall state the number and type of shares in respect of which each such person is authorized and shall be signed by the authorized officer of the recognized [REDACTED]. A person so authorized may attend a meeting on behalf of a recognized

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

[REDACTED] (or its proxy) (who should present proof of his/her identity, without having to produce proof of shareholding, notarized authorization and/or further evidence confirming that he/she is duly authorized to do so) and exercise rights as if he/she were an individual shareholder of the company, and enjoy the same statutory rights as those enjoyed by the other Shareholders, including the right to speak and to vote. An individual Shareholder who attends the meeting in person shall present his/her identity card or other valid documents or proof evidencing his/her identity. If a proxy is appointed to attend the meeting, such proxy shall present his/her own valid identity documents and the power of attorney from the Shareholder.

Corporate shareholders shall attend the meeting by legal representatives or proxies appointed by legal representatives. The legal representative attending the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a legal representative; if a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and a written power of attorney duly issued by the legal representative of the corporate Shareholder.

The power of attorney issued by a Shareholder to appoint a proxy to attend a Shareholders' general meeting shall contain the following information:

- (I) name of the proxy;
- (II) the number of Shares represented by the proxy;
- (III) whether the proxy has the voting right;
- (IV) instructions to vote separately for, against or abstain from voting on each of the matters to be considered on the agenda of the Shareholders' general meeting;
- (V) whether the proxy has the voting right on an extempore proposal that may be added to the agenda of the Shareholders' general meeting, and if yes, the specific instructions as to what vote to cast if the proxy has such right to vote;
- (VI) date of issuance and effective period of the power of attorney;
- (VII) if several persons act as proxies, the power of attorney shall indicate the number of Shares represented by each proxy;
- (VIII) signature (or seal) of the principal. If the principal is a legal person, the power of attorney shall be stamped with the name of the legal person or signed by a legally authorized person, or submitted at a designated electronic address or by electronic means.

The power of attorney shall specify that in the absence of specific instructions from the Shareholders, the proxies may vote as they think fit.

If the power of attorney for proxy voting is signed by another person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents and the power of attorney for voting by proxies shall be deposited at the domicile of the company or such other places as designated in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by the Board or other decision-making authorities shall attend the Shareholders' general meeting of the company on its behalf.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

The register of the persons attending the meeting shall be prepared by the company. The register shall set out the names of the persons attending the meeting (or names of the entities they are from), their ID numbers, residential addresses, numbers of Shares held or representing voting rights and names of the proxies (or names of the entities they are from).

The convener shall verify the legality of the Shareholders' qualifications according to the register of Shareholders, and register their name (or titles) and the number of the voting Shares they hold respectively. The meeting registration shall be terminated by the time the meeting presider announces the number of Shareholders and proxies present in person at the meeting as well as the total number of Shares with voting rights they hold.

When the Shareholders' general meeting is held, all the Directors, Supervisors and Secretary to the Board of the company shall attend the meeting, while the General Manager and other senior management shall attend as a nonvoting delegate.

The Shareholders' general meeting shall chaired by the Chairman of the Board. If the Chairman of the Board is unable or fails to perform his/her duty, a Director jointly elected by more than half of the Directors shall preside over the meeting.

A Shareholders' general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duty, a Supervisor jointly elected by more than half of the Supervisors shall preside over the meeting.

If a Shareholders' general meeting is convened by the Shareholders, the convener shall elect a representative to preside over the meeting.

During the course of a Shareholders' general meeting, if the meeting presider violates the procedural rules such that the meeting cannot continue, the Shareholders' general meeting may elect a person to act as the meeting presider and continue the meeting with the consent of the majority of the Shareholders entitled to vote present at the Shareholders' general meeting.

The company shall formulate rules of procedure for the Shareholders' general meeting, stipulating in detail the convening and voting procedures of the Shareholders' general meeting, including notification, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and their signatures, etc., as well as the principle of authorization by the Shareholders' general meeting to the Board. The content of the authorization shall be clear and specific. The rules of procedure for the Shareholders' general meeting shall be annexed to the Articles of Association and shall be drawn up by the Board and approved by the Shareholders' general meeting.

At the annual Shareholders' general meeting, the Board of Directors and the Supervisory Committee shall report to the Shareholders' general meeting on their work over the past year. Each independent non-executive Director shall also report on their duty performance.

Directors, Supervisors and senior management shall provide explanations and clarifications on Shareholders' queries and suggestions at the Shareholders' general meeting.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

The meeting presider shall declare the number of Shareholders and proxies present and the total number of Shares with voting rights they hold before voting. To determine the number of Shareholders and proxies present and the total number of Shares with voting rights they hold, the meeting register shall prevail.

The Shareholders' general meeting shall have meeting minutes, and the Secretary to the Board shall be responsible for the meeting minutes. The meeting minute shall contain the following contents:

- (I) the time and venue of, and the agenda for the meeting, and the name or title of the convener;
- (II) names of the meeting presider and the Directors, Supervisors, General Managers and other senior management present at the meeting or attending the meeting as non-voting delegates;
- (III) the number of Shareholders and proxies present at the meeting, and the total number of Shares with voting rights held and their respective proportions in the total number of the company's Shares;
- (IV) considerations on each proposal, highlights of statements and the voting results;
- (V) queries and recommendations of Shareholders and corresponding replies or explanations;
- (VI) names of the vote counter and the scrutineer;
- (VII) other contents that shall be included in the meeting minutes according to the Articles of Association.

The convener shall guarantee the authenticity, accuracy and integrity of the content of the meeting minutes. The Directors, Supervisors, Secretary to the Board, the convener or his/her representative, and the meeting presider who attend the meeting shall sign the meeting minutes. The meeting minutes shall be kept at the company's domicile for a period of not less than 10 years, together with the register of signatures of Shareholders attending on-site and the power of attorney for attendance, and valid documents on voting by other means.

The convener shall guarantee that the Shareholders' general meeting continues until the final resolution has been adopted. In the event that a Shareholders' general meeting is suspended or a resolution cannot be made due to force majeure or other special reasons, necessary measures shall be taken to resume the convening of the Shareholders' general meeting as soon as possible or to directly terminate this Shareholders' general meeting, and announcements and reports shall be made in a timely manner in accordance with the laws and regulations or the provisions of the securities regulatory authorities of the place where the company's Shares are listed.

Resolutions of Shareholders' General Meeting

The resolutions of Shareholders' general meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the Shareholders' general meeting shall be adopted by more than half of the voting rights held by the Shareholders (including their proxies) present at the Shareholders' general meeting.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Special resolutions of the Shareholders’ general meeting shall be adopted by more than two-thirds of the voting rights held by the Shareholders (including their proxies) present at the Shareholders’ general meeting.

Resolutions of the Shareholders’ general meeting

- (I) Unless otherwise provided by laws, regulations and the Articles of Association, the following matters shall be adopted by ordinary resolution of the Shareholders’ general meeting:
 - (1) work reports of the Board and the Supervisory Committee;
 - (2) profit distribution plans and proposals for making up losses formulated by the Board;
 - (3) removal of members of the Board and the Supervisory Committee and their remuneration and method of payment;
 - (4) annual report of the company;
 - (5) matters other than those which are required by the laws, regulations and the Articles of Association to be resolved by way of special resolutions.
- (II) The following matters shall be resolved by way of special resolution of the Shareholders’ general meeting:
 - (1) increase or reduction of the company’s share capital; issuance of any type of securities, warrants and other similar securities by the company;
 - (2) amendment of the Articles of Association by the company;
 - (3) issuance of corporate bonds by the company and the [REDACTED] of securities;
 - (4) merger, division, dissolution and liquidation of the company (including voluntary winding up) or change in the organizational form of the company;
 - (5) purchase and disposal of major assets by the company within one year, or a guarantee amount exceeding 30% of the company’s audited total assets for the latest period except for matters necessary for the company’s daily operations or the provision of guarantees for the company;
 - (6) the company’s equity incentive plan;
 - (7) any other matters provided for by laws, regulations or the Articles of Association, and any other matters that the Shareholders’ general meeting determines by an ordinary resolution will have a material impact on the company, and which require the adoption of a special resolution at the Shareholders’ general meeting.

In addition to the above, changes in the rights attached to a class of Shares (if applicable) are subject to the approval of Shareholders of the company holding Shares in the class of Shares with the relevant rights by more than two-thirds of the voting rights held.

When the connected transactions are considered at the Shareholders’ general meeting, the connected Shareholders shall not participate in voting, and the number of voting Shares represented by them shall not be counted into the total number of valid votes. The voting particulars of the unconnected Shareholders shall be disclosed in the resolutions of the Shareholders’ general meeting.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Shareholders (including proxies) shall exercise their voting rights by the number of Shares with voting rights they represent, and each Share shall have one vote.

Shares of the company held by the company do not have voting rights, and such Shares are not counted in the total number of Shares entitled to vote at the Shareholders' general meeting.

The name list of candidates for Directors and Supervisors shall be included in the proposal to be submitted to the Shareholders' general meeting for voting.

The methods and procedures for nomination of candidates for Directors and Supervisors are as follows:

- (I) The current Board and Shareholders who individually or collectively continuously hold more than 1% of the company's Shares may, without exceeding the number of persons to be elected, nominate candidates of Directors for the next term of the Board (other than independent non-executive Directors) or candidates for additional Directors. The current Board shall conduct a review of the qualifications, and those who meet the qualifications of Directors after review shall be submitted to the Shareholders' general meeting for vote by the Board.
- (II) The current Supervisory Committee and Shareholders who individually or collectively continuously hold more than 1% of the company's Shares may, without exceeding the number of persons to be elected, nominate candidates for supervisors for the next session of the Supervisory Committee or additional candidates who are non-employee representatives. The current Supervisory Committee shall conduct a review of the qualifications, and those who meet the qualifications of Supervisors after review shall be submitted to the Shareholders' general meeting for vote by the Supervisory Committee. Employee representative Supervisors are elected through the Employee Representatives' General Meeting and have direct access to the Supervisory Committee.
- (III) The current Board, the Supervisory Committee, and Shareholders who individually or collectively continuously hold more than 1% of the company's Shares may propose to the Shareholders' general meeting a proposal for a candidate for an independent non-executive Director; the current Board shall conduct a review of the qualifications, and those who meet the qualifications of independent non-executive Directors after review shall be submitted to the Shareholders' general meeting for vote by the Board.
- (IV) The aforesaid proposals submitted by the Board, the Supervisory Committee and the Shareholders entitled to make nominations to the convener of the Shareholders' general meeting shall include relevant information such as proof of identity, curriculum vitae and basic information of the candidates for Directors and Supervisors; the Board shall disclose the details of the candidates for Directors and Supervisors prior to the convening of the Shareholders' general meeting.

When considering a proposal, the Shareholders' general meeting shall not revise it; otherwise such amendments shall be deemed as a new proposal and may not be voted at the current meeting.

The same voting right shall only be exercised on site or by other means. Where the same vote is cast for two or more times, the first cast shall hold.

The Shareholders' general meeting shall vote by open ballot.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Before the relevant proposal is voted at the Shareholders’ general meeting, two representatives of the Shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Any shareholder who is interested in the matter under consideration and his/her proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

At the time of deciding on proposals by voting at the Shareholders’ general meeting, the Shareholder representatives and Supervisor representatives shall count the votes and scrutinize the voting jointly, and announce the voting results forthwith. The voting results in connection with the resolutions shall be recorded in the meeting minutes.

The Shareholders’ general meeting shall end on-site no earlier than otherwise, and the meeting presider shall announce the vote on each proposal and the result thereof, and whether or not the proposal has been adopted on the basis of the voting results.

Prior to the formal announcement of the voting results, the relevant parties involved in relation to the on-site voting or otherwise at the Shareholders’ general meeting, including the company, the persons responsible for counting the votes and scrutinizing the voting, and substantial Shareholders, shall be obliged to keep the voting status confidential.

The Shareholders attending the Shareholders’ general meeting shall express one of the following opinions on the proposals to be voted on: for, against, or abstain. Save for the circumstance under which the securities registration and settlement institution, acting as the nominal holder of Shares under the mutual stock market access between the Mainland and Hong Kong, makes reporting in accordance with the instruction of the de facto holder of relevant Shares.

An unfilled, wrongly filled, or illegible vote, or an uncast vote shall be deemed to be a waiver of the voting right of the voter, and the voting result for the number of Shares he/she holds shall be accounted as “abstain”.

Where the stock exchange on which the company’s Shares are listed requires any Shareholder to abstain from voting on a particular resolution or restricts any shareholder to vote only for (or only against) a particular resolution, any votes cast by the Shareholder (or his/her proxy) in contravention thereof shall not be counted into the voting result. If the meeting presider has any doubt as to the result of a resolution put to the vote, he/she may have the votes counted. If the meeting presider fails to have the votes counted, a Shareholder or proxy attending the meeting who objects to the result announced by the meeting presider may, immediately after the announcement of the voting results, demand that the votes be counted and the meeting presider shall have the votes counted immediately.

Resolutions of the Shareholders’ general meeting shall set out the number of Shareholders and proxies present at the meeting, the total number of voting Shares held by them and their proportion in the total number of voting Shares of the company, voting methods, voting results of each proposal, and details of resolutions adopted.

Where the proposals fail to be adopted or if the Shareholders’ general meeting changes the resolutions of the previous one, a special notice shall be included in the resolutions of the Shareholders’ general meeting.

If the Shareholders’ general meeting adopts a proposal for the election of Directors and Supervisors, the new Directors and Supervisors shall take office on the date of adoption of the

APPENDIX V**SUMMARY OF THE ARTICLES OF ASSOCIATION**

resolution at the Shareholders' general meeting. However, in the case of a general election of Directors and Supervisors, if the term of office of the former Director or Supervisor expires later than the date on which the resolution of the Shareholders' general meeting is adopted, the time of assumption of office of the new Director or Supervisor shall be counted from the day following the date on which the term of office of the predecessor expires.

If the Shareholders' general meeting passes the proposal on cash dividends, scrip issue or conversion of capital reserve into share capital, the company shall implement the relevant plan in two months after the end of the Shareholders' general meeting. Where the laws and regulations and the relevant provisions of the securities regulatory authorities in the place where the company's Shares are listed provide otherwise in respect of the above matters, such provisions shall apply.

DIRECTORS AND THE BOARD**(1) Directors**

Directors shall be natural persons, and none of the following persons may serve as a director of the Company:

- (I) persons without capacity or with limited capacity for civil acts;
- (II) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in case of a suspended sentence, not more than two years have elapsed since the date of expiration of the probationary period;
- (III) persons who were former Directors, factory managers or Managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (V) persons who have been listed by the People's Court as defaulter because they have incurred debts of a large amount that have not been settled by the due date;
- (VI) persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;
- (VII) any other circumstances specified by the laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed.

Elections, appointments or employment of Directors in violation of the above provisions shall be invalid. In the event that the above circumstances arise during the term of appointment of a Director, the Company shall dismiss the relevant Director.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Directors shall be elected or replaced by the Shareholders' general meeting and may be removed from office by the Shareholders' general meeting before the expiration of their term of office. The term of office of the Directors is three years. Upon expiration of the term, the Directors may be re-elected and serve consecutive terms.

The Shareholders' general meeting may, subject to the provisions of relevant laws and administrative regulations, remove by ordinary resolution any director (including executive Director) whose term of office has not yet expired (provided that claims under any contract shall not be affected).

The term of office of Directors shall last from the date on which the Directors take office to the expiration of the term of office of the current Board. If the term of office of a Director expires but the Director fails to be reelected in time, the former Director shall, before the newly elected Director takes office, still perform the duties of the Director in accordance with the provisions of laws, regulations and the Articles of Association. Any person appointed by the Board as a Director to fill a vacancy or increase the number of members of the Board shall serve until the first annual Shareholders' general meeting of the Company after his/her appointment and shall be eligible for re-election at that time.

A Director may be the general manager or other senior officers concurrently, provided that the number of Directors who serve as the general manager or other senior officers concurrently shall not exceed one half of the number of Directors of the Company.

Directors shall fulfill the following duties of loyalty in accordance with laws, administrative regulations and the Articles of Association:

- (I) not to encroach upon the Company's property or misappropriate the Company's funds;
- (II) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;
- (III) not to take advantage of his/her functions and powers to accept bribes or obtain other illegal income;
- (IV) not to accept and keep privately commissions on transactions with the Company;
- (V) not to disclose the secrets of the Company without authorization;
- (VI) not to enter into contracts or transactions directly or indirectly with the Company without reporting to the Board or the Shareholders' general meeting and obtaining the approval of the Board or the Shareholders' general meeting through resolution in accordance with the provisions of the Articles of Association;

The provisions of this paragraph shall apply to the conclusion of contracts or transactions with the Company by close relatives of Directors, Supervisors and senior officers, enterprises directly or indirectly controlled by Directors, Supervisors and senior officers or their close relatives, as well as connected persons with whom Directors, Supervisors and senior officers have other affiliations;

- (VII) not to take advantage of his/her position to obtain business opportunities that should belong to the Company for himself/herself or others, except in any of the following circumstances: (1) It has been reported to the Board or the Shareholders' general meeting and approved by a resolution of the Board or the Shareholders' general meeting in

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

accordance with the Articles of Association; (2) According to laws, administrative regulations or the Articles of Association, the Company cannot take advantage of the business opportunity;

- (VIII) not to carry on business of the same kind as that of the Company, either on his/her own account or on behalf of others without reporting to the Board or the Shareholders' general meeting and obtaining the approval of the Board or the Shareholders' general meeting through resolution in accordance with the provisions of the Articles of Association;
- (IX) not to lend the Company's funds to others or use the Company's assets as security for others in violation of the Articles of Association and without the prior approval of the Shareholders' general meeting or the Board through resolution;
- (X) not to damage the interests of the Company by taking advantage of his/her affiliation;
- (XI) other duties of loyalty stipulated by laws, administrative regulations, and departmental rules and the Articles of Association.

The income derived by the Directors in violation of above provisions shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

Directors shall fulfill the following duties of diligence in accordance with laws, regulations and the Articles of Association:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license of the Company;
- (II) to be fair to all shareholders;
- (III) to timely understand the business operations and management of the Company;
- (IV) to sign a written confirmation on the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) to provide the status reports and information to the Supervisory Committee honestly, and not to hinder the Supervisory Committee or Supervisors from exercising their powers;
- (VI) other duties of diligence stipulated by laws, regulations and the Articles of Association.

If a Director fails to attend the Board meeting in person or entrust any other directors to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall advise the Shareholders' general meeting to remove such Director.

A Director may resign before the expiry of his term of office. The Director who resigns shall submit to the Board a written report in relation to his/her resignation.

In the event that the resignation of any director during his term of office results in the number of members of the Board being less than the statutory minimum requirement, the said director shall continue to perform his/her duties in accordance with laws, regulations and the Articles of Association until the re-elected director assume his/her office.

APPENDIX V**SUMMARY OF THE ARTICLES OF ASSOCIATION**

Save for the circumstances referred to in the preceding paragraph, the resignation of a director becomes effective upon submission of his/her resignation report to the Board of Directors.

An independent director may resign before the end of his term of office. If at any time the Company’s independent directors do not meet the number, qualifications or independence requirements set out in the Hong Kong Listing Rules, the Company shall immediately notify the HKEX and make an announcement stating the relevant details and the reasons thereof, and shall appoint within 3 months of the non-compliance with the relevant requirements a sufficient number of independent directors to fulfill the requirements of the Hong Kong Listing Rules.

A Director shall clear all handover procedures with the Board of Directors on resignation or expiry of term of office. His/her duties of loyalty to the Company and its shareholders shall not be naturally discharged after the effective date of his/her resignation report or after the end of his/her term of office, and his/her obligation to keep the Company’s trade secrets confidential shall remain in effect after the end of his/her term of office until such secrets become public information. The duration of other duties shall be determined in accordance with the principle of fairness.

If a Director violates laws and regulations or the Articles of Association while performing his/her duties and causes losses to the Company, he/she shall be liable for compensation.

Where a Director causes damage to others in the performance of his/her duties, the Company shall be liable for compensation. If the director commits intentional or gross negligence, he/she shall also be liable for compensation.

Where the controlling shareholder or actual controller of the Company instructs a director to engage in acts that are detrimental to the interests of the Company or shareholders, he/she shall be jointly and severally liable with the director.

The Company has independent non-executive directors. The independent non-executive Directors shall act in accordance with the laws, regulations, and the Articles of Association.

(2) The Board

The Company shall have a Board of Directors, which is accountable to the Shareholders’ general meeting.

The Board of Directors consists of 9 directors, 3 of whom shall be independent non-executive directors.

The Board of Directors shall exercise the following power:

- (I) being responsible for convening Shareholders’ general meetings and presenting reports thereto;
- (II) implementing resolutions adopted by the Shareholders’ general meeting;
- (III) determining the Company’s operational planning and investment programs;
- (IV) formulating the profit distribution plan and loss recovery plan of the Company;
- (V) formulating plans for the increase or reduction of the registered capital of the Company;

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (VI) formulating programs for the issuance of bonds, other securities and [REDACTED] of the Company;
- (VII) formulating plans for merger, division, change of corporate form or dissolution of the Company;
- (VIII) formulating a transaction plan for the purchase or sale of significant assets by the Company that exceeds 30% of the Company’s total audited assets for the most recent period;
- (IX) deciding on the establishment of internal management organizations and branches of the Company;
- (X) deciding on the appointment or removal of the general manager and the Board Secretary of the Company, appointing or dismissing senior management personnel such as the deputy general manager and the financial officer according to the nomination of the general manager; and deciding on matters of remuneration, rewards and punishments;
- (XI) formulating the basic management system of the Company;
- (XII) formulating the remuneration and incentive system of the Company;
- (XIII) formulating the amendment to the Articles of Association;
- (XIV) proposing to the Shareholders’ general meeting the engagement or replacement of the accounting firm that provides audit service for the Company;
- (XV) deciding on matters of external guarantees of the Company other than those subject to consideration by the Shareholders’ general meeting;
- (XVI) deciding on the establishment of subsidiaries and branches of the Company and formulating the restructuring plans for the Company’s controlling subsidiaries;
- (XVII) debriefing the work report of the general manager of the Company and checking the works of the general manager;
- (XVIII) reviewing and approving connected transactions which are required to be approved by the Board in accordance with the laws, regulations, listing rules of the stock exchange where the Company’s securities are listed and the Articles of Association;
- (XIX) other powers granted by the Articles of Association or the Shareholders’ general meeting;
- (XX) other matters specified by laws, regulations, and the listing rules of the stock exchange where the Company’s shares are listed.

There are special committees under the Board, such as the Audit Committee, Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. All special committees are comprised of Directors. The majority of members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee shall be independent non-executive Directors, who shall also be the conveners, provided that the convener of the Audit Committee shall be an accounting

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

professional. The Board of Directors shall be responsible for formulating the working rules of the special committees and regulating their operation.

Matters beyond the scope authorized by the Shareholders' general meeting shall be submitted to the Shareholders' general meeting for consideration.

The Board of the Company shall make explanations to the Shareholders' general meeting on the qualified auditing opinions issued by the certified public accountants on the Company's financial reports.

The Board of Directors shall formulate the rules of procedures for the Board of Directors, so as to ensure that the Board of Directors duly implements the resolutions of the Shareholders' general meeting, and works more efficiently to make reasonable decisions.

The convening and voting procedures of the Board meeting shall be specified in the rules of procedure of the Board as an attachment of the Articles of Association, which shall be formulated by the Board and approved by the Shareholders' general meeting.

The Board of Directors shall determine the permissions for outbound investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management and connected transactions, and set up strict inspection and decision-making procedures. For important investment projects, the Board of Directors shall organize relevant experts and professionals to review and report to the Shareholders' general meeting for approval.

The Board of Directors shall have one chairman and no vice chairman. The chairman of the Board of Directors shall be elected and removed by more than half of all the Directors. The chairman has a tenure of three years and can be reelected upon the expiry of the tenure.

The Chairman of the Board of Directors shall exercise the following power:

- (I) to convene and preside over the Shareholders' general meeting, and to preside over the Board meeting;
- (II) to procure and examine the implementation of resolutions of the board of directors;
- (III) to sign share certificates, corporate bonds and others securities issued by the Company;
- (IV) to sign the important documents of the Board and other documents required to be signed by the legal representative of the Company;
- (V) to exercise the functions and powers of the legal representative;
- (VI) to exercise special right of disposal of the Company's affairs that conform to laws as well as the Company's interests in case of emergency arising from force majeure such as catastrophic natural disasters, and report to the Board of Directors and the Shareholders' general meeting in a timely manner afterwards;
- (VII) other functions and powers granted by the Board.

If the Chairman of the Board of Directors is unable or fails to perform his/her duties, a director shall be elected jointly by more than half of the directors to perform such duties.

Board Meetings include regular meetings and extraordinary ones. Regular meetings shall be held at least 4 times every year, once per quarter.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Shareholders representing more than one-tenth of the voting rights, and more than one-third of the directors or the Supervisory Committee may propose an extraordinary Board meeting. The Chairman of the Board shall convene and preside over a Board meeting within ten days after receiving the proposal.

The board of directors shall give a written notice 14 days in advance of convening a regular board meeting, and 5 days in advance of convening an extraordinary Board meeting.

The above notice period may be waived by the Board depending on the specific situations. The meeting notice shall be deemed to have been given to the Directors who are present at the meeting and do not raise an objection that they have not received the notice of the meeting before or at the meeting.

The notice of the Board meeting shall contain the following contents:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) reason for convening the meeting and agenda thereof;
- (IV) the date on which the notice is sent.

A Board meeting shall not be held unless more than half of the Directors are present. A resolution made by the Board shall be approved by more than half of all the Directors.

In the voting process, one director shall represent one vote.

Board meetings may be held on the spot, by written transmission or by other means approved by all the directors. Where the board meeting takes the form of an on-site meeting, telephone, video and other means may be used to facilitate the directors’ participation in the board meeting. If a director attends a board meeting by telephone, video or other means, he/she shall be deemed to have attended an on-site meeting.

If a substantial shareholder (for the purpose of this section only, substantial shareholders refer to shareholders who individually or jointly hold more than 10% of total voting shares of the Company) or a director has a conflict of interest considered significant by the Board in matters to be considered by the Board, the matter shall be dealt with in the form of board meeting (rather than a written resolution). Independent Non-executive Directors who, and whose close associates (as defined in the Hong Kong Listing Rules), have no material interest in the transaction, shall be present at such a Board meeting.

Voting of Board Meeting shall proceed by the following methods: voting by a show of hands or voting by poll.

Under the premise of ensuring that the directors fully express their opinions, the extraordinary meeting of the Board may be conducted by means of communication and a resolution may be made, which shall be signed by the participating directors.

Directors shall attend the Board meetings in person. In the event a Director is unable to attend a Board meeting in person for any reason, he/she may appoint in writing another Director to attend the meeting on his/her behalf. The power of attorney shall contain the name of proxy, subject matters of

APPENDIX V**SUMMARY OF THE ARTICLES OF ASSOCIATION**

representation, the scope of the authorization and validity period, and be signed or sealed by the principal. The appointed director attending the meeting shall only exercise the rights within the scope of authorization. A Director failing to attend the Board meeting in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

The board of directors shall prepare minutes regarding the decisions on matters considered at the meeting, which shall be signed by the directors attending the meeting.

The minutes of Board meetings shall be kept in corporate archives for a period of no less than ten years.

The minutes of the Board meeting shall include the following:

- (I) the date and venue of the meeting and the name of the convener;
- (II) names of the Directors present and the Directors (proxies) appointed by others to attend the Board meeting;
- (III) agenda of the meeting;
- (IV) main points made by the Directors;
- (V) voting method and results of each item (the voting results shall indicate the number of votes approved, opposed or abstained).

SECRETARY TO THE BOARD

The Company shall have a board secretary, who, as a senior officer of the Company, shall be appointed by the board, and be accountable to the board. The secretary to the Board shall be a natural person with the necessary professional knowledge and experience.

The Secretary to the Board mainly performs the following responsibilities:

- (I) to ensure that the Company has complete organizational documents and records;
- (II) to ensure that the Company prepares and submits reports and documents required by competent authorities according to law;
- (III) to prepare board meetings and Shareholders' general meetings, and to be responsible for the maintenance of the minutes, documents and records of the meetings;
- (IV) to ensure that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company can obtain such records and documents in a timely manner;
- (V) to handle affairs related to information disclosure;
- (VI) other responsibilities as specified by the applicable laws, regulations, rules, listing rules of the stock exchanges, other provisions and the Articles of Association.

The board secretary shall comply with the relevant provisions of laws, regulations, and the Articles of Association.

The Directors or other Senior Officers of the Company may concurrently serve as the Board Secretary. The accountants of the accounting firm engaged by the company shall not act concurrently as the Secretary to the Board.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

GENERAL MANAGER

The Company shall have a general manager who shall be appointed or removed by the Board.

The general manager shall serve a term of office of three years, and can be re-elected upon expiration of his/her term of office.

The general manager shall be accountable to the Board and exercise the following powers and functions:

- (I) to be in charge of the Company’s production, operation and management, organize the implementation of resolutions of the Board of Directors, and report to the Board of Directors;
- (II) to formulate the Company’s annual business plan and investment plan, and submit them to the Board for consideration and approval, and to organize the implementation of the Company’s annual business plan and investment plan;
- (III) to be responsible for convening and chairing the General Manager’s Office meeting;
- (IV) to prepare the proposal for the internal management organization setting scheme of the Company;
- (V) to prepare the proposal for the basic management system of the Company;
- (VI) to formulate the specific rules of the Company;
- (VII) to propose to the Board the appointment or dismissal of other senior officers of the Company;
- (VIII) to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;
- (IX) to propose to convene an extraordinary board meeting;
- (X) other powers granted by the Articles of Association or the Board.

The general manager shall attend meetings of the Board.

The general manager may resign before the end of his/her tenure. The specific procedures and methods for the resignation of the general manager shall be stipulated in the employment contract between the general manager and the Company.

SUPERVISORY COMMITTEE

The company shall have a Supervisory Committee. The Supervisory Committee shall be composed of 3 supervisors, who shall be the representatives of the shareholders and the representatives of the employees. Among them, 2 supervisors shall be the representatives of the shareholders and shall be elected by the Shareholders’ general meeting; 1 supervisor shall be the employee representative, who shall be democratically elected or replaced by the employees of the Company.

The Supervisory Committee shall have a chairman, who shall be elected or removed by more than half of all the supervisors.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

The meetings of the Supervisory Committee shall be convened and presided over by the chairman of Supervisory Committee. In the event that the chairman is unable or fails to perform his duties, the meeting shall be convened and presided over by a supervisor jointly elected by more than half of all the supervisors.

The Supervisory Committee shall be accountable to the Shareholders' general meeting, report to the general meeting and exercise the following functions and powers:

- (I) to review the periodical reports of the Company prepared by the Board of Directors and propose written review opinions thereon;
- (II) to check the finance of the Company;
- (III) to supervise the Directors and senior officers in the performance of their duties and to propose the dismissal of Directors or senior officers who violate laws, regulations or the Articles of Association or resolutions of the Shareholders' general meeting;
- (IV) to urge the Director or senior officers to correct his/her act that is detrimental to the Company's interests;
- (V) to propose the holding of extraordinary Shareholders' general meeting and, in the event that the Board of Directors fails to perform its duty of convening and presiding over a Shareholders' general meeting, to convene and preside over such a meeting in accordance with the Company Law;
- (VI) to submit proposals to the Shareholders' general meeting;
- (VII) to raise litigation against any Director or senior officer according to the Company Law;
- (VIII) to conduct investigation if there are any unusual circumstances in the Company's operations; and if necessary, to engage a law firm, accounting firm or other professional institutions to assist in their work at the expense of the Company;
- (IX) other functions and powers granted by laws, regulations or the Articles of Association.

The Supervisory Committee shall convene a meeting at least every six months. The supervisors can propose to convene extraordinary meetings of Supervisory Committee.

If the Company holds a meeting of the Supervisory Committee, it shall notify all the supervisors in writing 10 days before the meeting is held.

The notice of a meeting of Supervisory Committee shall contain the following contents:

- (I) date, place and duration for convening the meeting;
- (II) reason for convening the meeting and agenda thereof;
- (III) date of issuing the notice.

The above notice period may be waived by the Supervisory Committee depending on the specific situations. The meeting notice shall be deemed to have been given to the Supervisors who are present at the meeting and do not raise an objection that they have not received the notice of the meeting before or at the meeting.

In the voting process for resolutions of Supervisory Committee, one Supervisor shall represent one vote.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

A resolution made by the Supervisory Committee shall be approved by more than half of all the Supervisors.

Voting on resolutions of Meeting of Supervisory Committee shall proceed by the following methods: voting by a show of hands or voting by poll.

Under the premise of ensuring the full expression of opinions by the supervisors, the extraordinary meeting of the Supervisory Committee may be conducted by fax or other means approved by the Supervisory Committee and a resolution shall be made, which shall be signed by the supervisors attending the meeting.

The Supervisory Committee shall formulate a set of rules for the Supervisory Committee to specify the rules of procedures and voting procedures of the Supervisory Committee in order to ensure the efficiency and scientific decision making.

The rules of procedures of the Supervisory Committee shall be prepared by the Supervisory Committee, approved at the Shareholders' general meeting, and attached to the Articles of Association as an attachment.

The Supervisory Committee shall record the decisions on matters discussed in the minutes, supervisors who attend the meeting shall sign the minutes of the meeting.

The supervisor is entitled to request for some descriptive record to be made with regard to his/her speech in the meeting. The minutes of meetings of Supervisory Committee shall be kept in corporate archives for a period of no less than 10 years.

Supervisors shall attend meetings of Supervisory Committee in person. If a supervisor is unable to attend the meeting, he/she may appoint another supervisor by a written power of attorney to attend on his/her behalf. The supervisor who attends the meeting on behalf of another supervisor shall exercise the rights of supervisors within the authority. A supervisor failing to attend the meeting of Supervisory Committee in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

FINANCIAL ACCOUNTING SYSTEM

The Company shall formulate its own financial and accounting systems in accordance with laws, regulations, and rules of the relevant authorities of the state.

The Company adopts the calendar year as its fiscal year, i.e. from January 1 to December 31. The Company shall, from the end of each fiscal year, prepare the annual financial report in a timely manner in accordance with the requirements of relevant laws, regulations and the regulatory rules of the place where its shares are listed.

The Company shall have no other accounting books except the statutory accounting books. The Company's assets shall not be deposited in an account maintained in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory surplus reserve. When the cumulated amount of the statutory surplus reserve of the Company has reached 50% or more of its registered capital, no further allocations is required.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the statutory surplus reserve of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to cover the loss before the withdrawing of the statutory surplus reserve in accordance with the above provisions.

After the Company has withdrawn the statutory surplus reserve from the after-tax profit, it can also withdraw the arbitrary surplus reserve from the after-tax profit by a resolution of the Shareholders' general meeting.

After the Company has covered its losses and withdrawn its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless the Articles of Association provide that distributions are to be made otherwise than proportionally.

If the Shareholders' general meeting distributes profits to shareholders in violation of the provisions of the preceding paragraph and before the Company covers the losses and withdraws statutory surplus reserve, the shareholders shall return the profits distributed in violation of the provisions to the Company. If any loss is caused to the Company, the shareholders and the responsible directors, supervisors and senior officers shall be liable for compensation.

No profits shall be distributed in respect of the Company's Shares held by the Company.

The reserve fund of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its registered capital.

To make up for the Company's losses, the Company shall first use the arbitrary surplus reserve and statutory surplus reserve; if they are insufficient, the capital reserve can be used in accordance with the regulations.

When the statutory reserve fund is converted into registered capital, the remaining statutory reserve fund shall be no less than 25% of the registered capital of the Company before the capital increase.

When a resolution is made by Shareholders' general meeting on the profit distribution scheme, the Board shall complete the dividend (or share) distribution in 2 months after the general meeting. The Company shall distribute dividend in the form of cash or shares.

After the Company pays the income tax, the profit after making up for the loss of the previous year shall be distributed in the following order:

- (I) withdrawal of statutory surplus reserve;
- (II) withdrawal of arbitrary surplus reserve based on the resolution of the Shareholders' general meeting;
- (III) distribution of dividends to shareholders based on the resolution of the Shareholders' general meeting.

The Company shall appoint collection agents for shareholders of overseas listed foreign shares. The collection agent shall receive on behalf of the Shareholders concerned the dividends and other payables by the Company in respect of the overseas listed foreign shares and shall hold such amounts on behalf of the Shareholders pending payment to such shareholders.

APPENDIX V**SUMMARY OF THE ARTICLES OF ASSOCIATION**

The collection agents appointed by the Company shall meet the provisions of the laws of the [REDACTED] place, or the relevant regulations of the stock exchange where the Company’s shares are listed.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved if:

- (I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- (II) a resolution on dissolution is passed by the Shareholders’ general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the business license of the Company is revoked, or the Company is ordered to close down, or it is canceled, according to law;
- (V) where the Company’s operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people’s court to dissolve the Company.

If the Company has the reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit information publicity system within 10 days.

If the Company is in the situations of the above items (I) or (II) and has not yet distributed its property to its shareholders, it may survive by amending the Articles of Association or by a resolution of the Shareholders’ general meeting.

Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved under items (I), (II), (IV) or (V) above, a liquidation committee shall be set up, which shall start liquidation within 15 days from the date of occurrence of the cause for dissolution. The members of such liquidation committee shall be determined by the Directors or the Shareholders’ general meeting.

If the liquidation obligor fails to perform the liquidation obligation in time and causes losses to the Company or the creditors, it shall be liable for compensation.

If the Company shall be liquidated in accordance with the provisions of the first paragraph above, and the liquidation committee is not established within the prescribed period, the interested party may request the people’s court to appoint the relevant personnel to establish such committee to carry out the liquidation. The people’s court shall accept the application and shall, in a timely manner, organize a liquidation committee to conduct liquidation.

Where the Company is dissolved due to the provisions of item (IV) above, the department or company registration authority that has made the decision of revoking its business license, ordering closure or cancellation may apply to the people’s court to appoint the relevant personnel to form a liquidation committee to carry out the liquidation.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

The liquidation committee shall exercise the following functions and power during liquidation:

- (I) to thoroughly examine the assets of the Company and prepare a balance sheet and a schedule of assets respectively;
- (II) to notify creditors by notice or public announcements;
- (III) to dispose of and liquidate any [REDACTED] businesses of the Company;
- (IV) to pay the outstanding taxes and the taxes incurred during the liquidation process;
- (V) to settle claims and debts;
- (VI) to distribute the remaining assets after full payment of the Company's debts;
- (VII) to represent the Company in any civil proceedings.

The liquidation committee shall notify the creditors within 10 days since the date it is established, publish the relevant announcements in the newspaper or the national enterprise credit information publicity system within 60 days. The creditors may declare their claims to the liquidation committee within 30 days from the date they receive such notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidences. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the Shareholders' general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation.

The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

After the liquidation of a company is completed, the liquidation committee shall prepare a liquidation report and submit the report to the Shareholders’ general meeting or the people’s court for confirmation, and shall submit it to the company registration authority to apply for cancellation of the registration of the company.

The liquidation committee shall perform the duties of liquidation and shall have obligations of loyalty and diligence.

Members of the liquidation committee shall not take advantage of his/her authority to accept bribes or other illegal income, and shall not misappropriate the property of the Company.

Where a member of the liquidation committee causes losses to the Company due to his/her failure in performing the liquidation duties, he/she shall be liable for compensation; where losses are caused to the creditors due to intent or gross negligence, he/she shall be liable for compensation.

If the Company has not incurred any debts during its existence or has paid off all its debts, it may, upon the commitment of all the shareholders, log out of the company register through simple procedures in accordance with regulations.

If the Company logs out of the company register through simple procedures, it shall be announced through the national enterprise credit information publicity system, and the announcement period shall not be less than 20 days. If there is no objection upon the expiration of the period of announcement, the Company may apply to the company registration authority for cancellation of the company registration within 20 days.

Where the Company logs out of the company register through simple procedures and the shareholders make an untruthful commitment to the contents stipulated in the first paragraph above, they shall bear joint and several liability for the debts incurred before the cancellation of registration.

Where the Company is revoked of its business license, ordered to close down or canceled, and fails to apply to the company registration authority for cancellation of company registration within three years, the company registration authority may make a public announcement through the national enterprise credit information publicity system, and the announcement period shall not be less than 60 days. If there is no objection upon the expiration of the period of announcement, the company registration authority may cancel the registration of the Company.

Where the registration of the Company is canceled in accordance with the provisions of the preceding paragraph, the liability of the original shareholders and liquidation obligors of the Company shall not be affected.

If the Company is declared bankrupt, the bankruptcy liquidation shall be implemented in accordance with the laws on enterprise bankruptcy.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- (I) after the amendment of the Company Law or relevant laws, regulations, or the regulatory rules of the place where the Company’s share are listed, the matters stipulated in the

APPENDIX V**SUMMARY OF THE ARTICLES OF ASSOCIATION**

Articles of Association conflict with the provisions of the amended laws, regulations or regulatory rules of the place where the Company’s shares are listed;

- (II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;
- (III) the Shareholders’ general meeting decides to amend the Articles of Association.

The amendment to the Articles of Association approved by way of resolution at the Shareholders’ general meeting shall be submitted to the relevant authorities for approval (if necessary). Where the Company’s registered items are involved, change registration shall be made according to law.

The Board shall amend the Articles of Association in accordance with the resolutions of the Shareholders’ general meeting and the approval opinions of relevant authorities.

If the amendments to the Articles of Association are required to be disclosed under laws and regulations, they shall be announced in accordance with the regulations.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation

Our Company was established in the PRC on February 16, 2015 with limited liability.

Our registered office is located at Room 301, 3/F, Building No.1, 19, Shangdi Xinxi Road, Haidian District, Beijing, China. We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on August 29, 2024, and our principal place of business in Hong Kong is at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Ms. Chu Cheuk Ting (朱卓婷) has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in China, its operations are subject to the relevant laws and regulations of China. A summary of the relevant aspects of laws and regulations of China and the Articles of Association is set out in Appendices IV and V to this document, respectively.

B. Changes in Share Capital of Our Company

The registered capital of our Company increased from RMB365,000,000 to RMB382,380,952 on August 15, 2024.

Saved as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this document.

C. Further Information about Our Principal Subsidiaries

The list of our principal subsidiaries as of the Latest Practicable Date is set out in the Accountants’ Report in Appendix I to this document.

Save as disclosed below, no alteration in the registered capital of our major subsidiaries has taken place within the two years preceding the date of this document:

51WORLD High Technology (HK) Co., Limited

On April 25, 2024, the registered share capital of 51WORLD High Technology (HK) Co., Limited increased from HK\$10,000,001 to HK\$30,000,001.

Mirrorverse (Shanghai) Technology Co., Ltd (萬物鏡像 (上海) 科技有限公司)

On November 25, 2024, the registered share capital of Mirrorverse (Shanghai) Technology Co., Ltd increased from RMB10,000,000 to RMB50,000,000.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

D. Resolutions Passed by Shareholders’ General Meeting of Our Company in Relation to the [REDACTED]

Pursuant to the Shareholders’ meeting held on August 9, 2024, the following resolutions, among others, were duly passed:

- the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- the number of H Shares to be issued before the exercise of the [REDACTED] shall not exceed 25% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than 15% of the above number of H Shares to be issued;
- subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

- the investment agreement dated June 28, 2024 entered into by and among Nanning Qianchuang, Mr. Li and the Company, pursuant to which Nanning Qianchuang agreed to subscribe for 17,380,952 Shares at a consideration of RMB200,000,000;
- the pre-purchase contract (標的物業預購合同) dated November 22, 2024 entered into between First Moma Commercial Operation Management (Beijing) Co., Ltd.* (第一摩碼商業運營管理(北京)有限公司) and Mirrorverse Asset Management (Beijing) Co., Ltd. (萬物鏡像資產管理(北京)有限公司), pursuant to which Mirrorverse Asset Management (Beijing) Co., Ltd. (萬物鏡像資產管理(北京)有限公司) agreed to purchase a property located in Dongcheng District, Beijing, the PRC at a consideration of RMB60,000,000;
- [the [REDACTED]]; and
- the [REDACTED].

B. Our Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, our Group had registered or has been authorised to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Number	Class	Registered Owner	Place of Registration	Registration Date	Expiry Date
1.		22266876	9	51WORLD	Beijing	March 28, 2018	March 27, 2028
2.		22266892	9	51WORLD	Beijing	March 28, 2018	March 27, 2028
3.		22267342	28	51WORLD	Beijing	January 28, 2018	January 27, 2028
4.		22267533	12	51WORLD	Beijing	January 28, 2018	January 27, 2028
5.		22267611	12	51WORLD	Beijing	January 28, 2018	January 27, 2028
6.		22268263	37	51WORLD	Beijing	January 28, 2018	January 27, 2028
7.		22268307	37	51WORLD	Beijing	January 28, 2018	January 27, 2028
8.		22268313	35	51WORLD	Beijing	March 27, 2028	March 27, 2028
9.		22268410	35	51WORLD	Beijing	February 28, 2018	February 27, 2028
10.		22268493	38	51WORLD	Beijing	January 28, 2018	January 27, 2028
11.		22268636	38	51WORLD	Beijing	January 28, 2018	January 27, 2028
12.		22269313	39	51WORLD	Beijing	March 28, 2018	March 27, 2028
13.		22269335	39	51WORLD	Beijing	March 28, 2018	March 27, 2028
14.		22269525	41	51WORLD	Beijing	January 28, 2019	January 27, 2029
15.	51WORLD	26298853	37	51WORLD	Beijing	April 28, 2019	April 27, 2029
16.	Earth Clone	38512818	9	51WORLD	Beijing	January 28, 2020	January 27, 2030
17.	Earth Clone	38516177	38	51WORLD	Beijing	January 28, 2020	January 27, 2030
18.	镜像世界	38519802	42	51WORLD	Beijing	April 14, 2020	April 13, 2030
19.	镜像世界	38526187	9	51WORLD	Beijing	January 28, 2021	January 27, 2031

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered Number	Class	Registered Owner	Place of Registration	Registration Date	Expiry Date
20.	Earth Clone	38526210	41	51WORLD	Beijing	February 7, 2020	February 6, 2030
21.	Earth Clone	38526212	42	51WORLD	Beijing	February 7, 2020	February 6, 2030
22.	地球克隆	38527469	9	51WORLD	Beijing	January 28, 2020	January 27, 2030
23.	地球克隆	38527475	41	51WORLD	Beijing	February 7, 2020	February 6, 2030
24.	地球克隆	38532255	42	51WORLD	Beijing	February 7, 2020	February 6, 2030
25.	Earth Replica	38536953	42	51WORLD	Beijing	February 7, 2020	February 6, 2030
26.	地球克隆	38540124	38	51WORLD	Beijing	February 7, 2020	February 6, 2030
27.	全要素场景	46095810	41	51WORLD	Beijing	April 14, 2021	April 13, 2031
28.	全要素场景	46095818	42	51WORLD	Beijing	May 7, 2021	May 6, 2031
29.	All Element Scenario.AES	46101756	35	51WORLD	Beijing	January 28, 2021	January 27, 2031
30.	AES	46113798	41	51WORLD	Beijing	April 28, 2021	April 27, 2031
31.	All Element Scenario.AES	46118513	9	51WORLD	Beijing	January 28, 2021	January 27, 2031
32.	All Element Scenario.AES	46125056	38	51WORLD	Beijing	January 28, 2021	January 27, 2031
33.	All Element Scenario.AES	46125971	41	51WORLD	Beijing	January 28, 2021	January 27, 2031
34.	All Element Scenario.AES	46131731	42	51WORLD	Beijing	January 28, 2021	January 27, 2031
35.	Earth Clone	46139032	35	51WORLD	Beijing	January 7, 2021	January 6, 2031
36.	地球克隆	46142356	35	51WORLD	Beijing	February 14, 2021	February 13, 2031
37.	51 WORLD	47895979	38	51WORLD	Beijing	April 7, 2022	April 6, 2032
38.	51WORLD	47921606	38	51WORLD	Beijing	April 7, 2022	April 6, 2032
39.	Super API	48089825	38	51WORLD	Beijing	April 7, 2021	April 6, 2031
40.	Super API	48089850	41	51WORLD	Beijing	December 14, 2021	December 13, 2031
41.	WDT	48090739	9	51WORLD	Beijing	October 7, 2021	October 6, 2031
42.	Super API	48095469	9	51WORLD	Beijing	January 7, 2022	January 6, 2032
43.	WDT	48105137A	42	51WORLD	Beijing	April 28, 2021	April 27, 2031
44.	WDT	48105518A	41	51WORLD	Beijing	April 7, 2021	April 6, 2031
45.	Super API	48122777	42	51WORLD	Beijing	May 21, 2022	May 20, 2032
46.	AES 全要素场景	48556255	42	51WORLD	Beijing	September 21, 2021	September 20, 2031
47.	AES 全要素场景	48574930	41	51WORLD	Beijing	October 7, 2021	October 6, 2031
48.	51WORLD	48937836	38	51WORLD	Beijing	March 14, 2022	March 13, 2032
49.	SIMWORLD	49849905	38	51WORLD	Beijing	April 21, 2021	April 20, 2031
50.	SIMWORLD	49849981	42	51WORLD	Beijing	April 21, 2021	April 20, 2031
51.	51City-Operating System	49855125	42	51WORLD	Beijing	December 28, 2021	December 27, 2031
52.	51City-Operating System	49856608	41	51WORLD	Beijing	December 28, 2021	December 27, 2031
53.	SIMWORLD	49869232	41	51WORLD	Beijing	December 28, 2021	December 27, 2031
54.	SIMWORLD	49876842	9	51WORLD	Beijing	December 28, 2021	December 27, 2031
55.	DST	50560592	41	51WORLD	Beijing	November 7, 2022	November 6, 2032

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered Number	Class	Registered Owner	Place of Registration	Registration Date	Expiry Date
56.		50572798	9	51WORLD	Beijing	December 21, 2021	December 20, 2031
57.		50578619	41	51WORLD	Beijing	October 14, 2021	October 13, 2031
58.		50993344	9	51WORLD	Beijing	September 14, 2021	September 13, 2031
59.		50995067	38	51WORLD	Beijing	July 21, 2021	July 20, 2031
60.		51976518	38	51WORLD	Beijing	June 14, 2022	June 13, 2032
61.		51990977	9	51WORLD	Beijing	May 21, 2022	May 20, 2032
62.		52022293	41	51WORLD	Beijing	June 14, 2022	June 13, 2032
63.	五一视界	52116679	41	51WORLD	Beijing	October 7, 2021	October 6, 2031
64.	五一视界	52969269	45	51WORLD	Beijing	August 28, 2021	August 27, 2031
65.	五一视界	52969949	14	51WORLD	Beijing	October 21, 2021	October 20, 2031
66.	五一视界	52969949	16	51WORLD	Beijing	October 21, 2021	October 20, 2031
67.	五一视界	52969949	15	51WORLD	Beijing	October 21, 2021	October 20, 2031
68.	五一视界	52970628	26	51WORLD	Beijing	October 21, 2021	October 20, 2031
69.	五一视界	52970628	29	51WORLD	Beijing	October 21, 2021	October 20, 2031
70.	五一视界	52970628	27	51WORLD	Beijing	October 21, 2021	October 20, 2031
71.	五一视界	52970628	28	51WORLD	Beijing	October 21, 2021	October 20, 2031
72.	五一视界	52975650	32	51WORLD	Beijing	August 28, 2021	August 27, 2031
73.	五一视界	52975650	31	51WORLD	Beijing	August 28, 2021	August 27, 2031
74.	五一视界	52975650	33	51WORLD	Beijing	August 28, 2021	August 27, 2031
75.	五一视界	52975650	30	51WORLD	Beijing	August 28, 2021	August 27, 2031
76.	五一视界	52975650	34	51WORLD	Beijing	August 28, 2021	August 27, 2031
77.	五一视界	52980937	18	51WORLD	Beijing	August 21, 2021	August 20, 2031
78.	五一视界	52980937	17	51WORLD	Beijing	August 21, 2021	August 20, 2031
79.	五一视界	52983157	37	51WORLD	Beijing	August 28, 2021	August 27, 2031
80.	五一视界	52983157	36	51WORLD	Beijing	August 28, 2021	August 27, 2031
81.	五一视界	52983157	39	51WORLD	Beijing	August 28, 2021	August 27, 2031
82.	五一视界	52984531	8	51WORLD	Beijing	November 7, 2022	October 27, 2031
83.	五一视界	52984531	6	51WORLD	Beijing	November 7, 2022	October 27, 2031
84.	五一视界	52989084	20	51WORLD	Beijing	August 21, 2021	August 20, 2031
85.	五一视界	52989084	21	51WORLD	Beijing	August 21, 2021	August 20, 2031
86.	五一视界	52989084	19	51WORLD	Beijing	August 21, 2021	August 20, 2031
87.	五一视界	52989389	10	51WORLD	Beijing	August 21, 2021	August 20, 2031
88.	五一视界	52989389	13	51WORLD	Beijing	August 21, 2021	August 20, 2031
89.	五一视界	52989389	11	51WORLD	Beijing	August 21, 2021	August 20, 2031

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Registered Number	Class	Registered Owner	Place of Registration	Registration Date	Expiry Date
90.	五一视界	52989865	1	51WORLD	Beijing	October 28, 2021	October 27, 2031
91.	五一视界	52989865	3	51WORLD	Beijing	October 28, 2021	October 27, 2031
92.	五一视界	52989865	4	51WORLD	Beijing	October 28, 2021	October 27, 2031
93.	五一视界	52989865	5	51WORLD	Beijing	October 28, 2021	October 27, 2031
94.	五一视界	52996574	43	51WORLD	Beijing	October 7, 2021	October 6, 2031
95.	五一视界	52996574	44	51WORLD	Beijing	October 7, 2021	October 6, 2031
96.	五一视界	52996574	40	51WORLD	Beijing	October 7, 2021	October 6, 2031
97.	五一视界	52999643	23	51WORLD	Beijing	August 21, 2021	August 20, 2031
98.	五一视界	52999643	22	51WORLD	Beijing	August 21, 2021	August 20, 2031
99.	五一视界	52999643	25	51WORLD	Beijing	August 21, 2021	August 20, 2031
100.	五一视界	52999643	24	51WORLD	Beijing	August 21, 2021	August 20, 2031
101.	POWERED BY 51WORLD	55217738	38	51WORLD	Beijing	November 14, 2021	November 13, 2031
102.	POWERED BY 51WORLD	55221054	35	51WORLD	Beijing	November 14, 2021	November 13, 2031
103.	POWERED BY 51WORLD	55226179	42	51WORLD	Beijing	November 14, 2021	November 13, 2031
104.	POWERED BY 51WORLD	55226264	9	51WORLD	Beijing	November 14, 2021	November 13, 2031
105.	WDP	56384346	41	51WORLD	Beijing	October 21, 2022	October 20, 2032
106.	EQP	56738009	38	51WORLD	Beijing	August 14, 2022	August 13, 2032
107.	EQP	57096019	41	51WORLD	Beijing	October 14, 2022	October 13, 2032
108.	DST	58774521	41	51WORLD	Beijing	November 14, 2022	November 13, 2032
109.	51WORLD	47922508	9	51WORLD	Beijing	May 21, 2022	May 20, 2032
110.	Cloud	48756698	9	51WORLD	Beijing	October 21, 2022	October 20, 2032
111.	五一视界	52984531	7	51WORLD	Beijing	November 7, 2022	October 27, 2031
112.	AES	46094268	35	51WORLD	Beijing	March 7, 2022	March 6, 2032
113.	51MEET	62573831	9	51WORLD	Beijing	September 7, 2023	December 13, 2032
114.	51WORLD	48927251	9	51WORLD	Beijing	October 21, 2022	October 20, 2032
115.	51 WORLD	47903508	9	51WORLD	Beijing	May 14, 2022	May 13, 2032
116.	51WORLD	47922508	9	51WORLD	Beijing	May 21, 2022	May 20, 2032
117.	SIM-ONE	37886908	41	Beijing 51Sim	Beijing	March 14, 2020	March 13, 2030
118.	51WORLD	57649968	42	Wanwu Twin Chongqing	Chongqing	April 14, 2022	April 13, 2032

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we had registered the owner of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
1.	Methods, apparatuses, storage media, and electronic devices for monolithizing a realistic three-dimensional model (實景三維模型單體化方法、裝置、存儲介質及電子設備)	Invention patent	202010519705X	51WORLD	Beijing	June 9, 2020	June 9, 2040
2.	Methods, apparatuses, electronic devices and readable medium for monomerization of three-dimensional models (三維模型的單體化方法、裝置、電子設備和可讀介質)	Invention patent	2020108143475	51WORLD	Beijing	August 13, 2020	August 12, 2040
3.	Methods, apparatuses and electronic devices for controlling an item (項目的控制方法、裝置及電子設備)	Invention patent	2020111216715	51WORLD	Beijing	October 19, 2020	October 18, 2030
4.	Graphical user interface for displaying a screen panel of a one-stop service platform for enterprise online meta-universe activities (51Meet) (用於顯示屏幕面板的企業線上元宇宙活動一站式服務平臺的圖形用戶界面(51Meet))	Design patent	2022305759061	Mirrorverse Data	Beijing	September 1, 2022	August 30, 2042
5.	Methods, apparatuses, storage media and electronic devices for generating intersections (路口生成方法、裝置、存儲介質及電子設備)	Invention patent	2020114878784	Beijing 51Sim	Beijing	December 16, 2020	December 15, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
6.	Methods, apparatuses, storage media and electronic devices for constructing a traffic simulation road network (構建交通仿真路網的方法、裝置、存儲介質及電子設備)	Invention patent	2020106637220	Beijing 51Sim	Beijing	July 10, 2020	July 9, 2040
7.	A method, device, and apparatus for generating an edge simulation test scenario for autonomous driving (一種自動駕駛邊緣仿真測試場景生成方法、裝置及設備)	Invention patent	2023117539051	Beijing 51Sim	Beijing	December 19, 2023	December 18, 2043
8.	A processing method for traditional model in VR system (VR系統中對傳統模型的處理方法)	Invention patent	2016112584578	51WORLD	Beijing	December 30, 2016	December 29, 2036
9.	Image processing method, apparatus, storage medium and electronic device (圖像處理方法、裝置、存儲介質及電子設備)	Invention patent	201910647488X	51WORLD	Beijing	July 17, 2019	July 16, 2039
10.	Image fusion method, apparatus, storage medium, and electronic device (圖像融合方法、裝置、存儲介質和電子設備)	Invention patent	2020101313634	51WORLD	Beijing	February 28, 2020	February 27, 2040
11.	Image modeling method, apparatus, storage medium and electronic device (圖像的建模方法、裝置、存儲介質和電子設備)	Invention patent	2020101088424	51WORLD	Beijing	February 21, 2020	February 20, 2040
12.	Image processing method, apparatus, storage medium and electronic device (圖像的處理方法、裝置、存儲介質和電子設備)	Invention patent	2020100674527	51WORLD	Beijing	January 20, 2020	January 19, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
13.	An anti-dizziness technology for VR applications based on adaptive edge view occlusion (一種基於自適應邊緣視野遮擋的VR應用防眩暈技術)	Invention patent	2018103668658	51WORLD	Beijing	April 23, 2018	April 22, 2038
14.	A real-time cloud mapping optimization method based on spherical UV (一種基於球面UV和重投影的雲實時繪製優化方法)	Invention patent	2017107274985	51WORLD	Beijing	August 23, 2017	August 22, 2037
15.	Systems and methods for facilitating common designers to create VR content (便於普通設計師創造VR內容的系統及方法)	Invention patent	2016112590988	51WORLD	Beijing	December 30, 2016	December 29, 2036
16.	Methods, apparatuses, storage media and electronic devices for viewing virtual objects (觀察虛擬對象的方法、裝置、存儲介質及電子設備)	Invention patent	2020105197100	51WORLD	Beijing	June 9, 2020	June 8, 2040
17.	Method, apparatus, storage medium and electronic device for generating three-dimensional image of an object (生成物體三維圖像的方法、裝置、存儲介質及電子設備)	Invention patent	2020101137492	51WORLD	Beijing	February 24, 2020	February 23, 2040
18.	Target object localization method, apparatus, storage medium, and electronic device (目標物體定位方法、裝置、存儲介質以及電子設備)	Invention patent	202010113127X	51WORLD	Beijing	February 24, 2020	February 23, 2040
19.	Method, apparatus, storage medium and electronic device for displaying three-dimensional scene model (三維場景模型的展示方法、裝置、存儲介質及電子設備)	Invention patent	2020101085500	51WORLD	Beijing	February 21, 2020	February 20, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
20.	Method and system for distinguishing professional issue and greetings issue by robots (機器人區分專業問題和寒暄問題的方法及系統)	Invention patent	2017106565451	51WORLD	Beijing	August 3, 2017	August 2, 2037
21.	A semantic segmentation processing method, device and apparatus (一種數據的語義分割處理方法、裝置及設備)	Invention patent	2023103081283	51WORLD	Beijing	March 28, 2023	March 27, 2043
22.	Method for real-time driving expression and gesture of character model based on speech (基於語音實時驅動人物模型的表情和姿態的方法)	Invention patent	2016112610962	51WORLD	Beijing	December 30, 2016	December 29, 2036
23.	A method, apparatus and device for determining an instance of data flow type (一種數據流形實例的確定方法、裝置及設備)	Invention patent	2023103774376	51WORLD	Beijing	April 11, 2023	April 10, 2043
24.	Graphical user interface for displaying screen panel of one-stop service platform for enterprise online metaverse activity (用於顯示屏幕面板的企業綫上元宇宙活動一站式服務平台圖形用戶界面)	Design patent	2022305403184	51WORLD	Beijing	August 18, 2022	August 17, 2032
25.	A data processing method, device and apparatus (一種數據處理方法、裝置及設備)	Invention patent	2023103081279	51WORLD	Beijing	March 28, 2023	March 27, 2043
26.	Method and apparatus for generating three-dimensional image of a building (生成建築物的三維圖像的方法及裝置)	Invention patent	2020101313672	51WORLD	Beijing	February 28, 2020	February 27, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
27.	Methods, apparatus, storage media and electronic devices for compiling and obtaining files (編譯和獲取文件的方法、裝置、存儲介質、電子設備)	Invention patent	2020114833444	51WORLD	Beijing	December 15, 2020	December 14, 2040
28.	A data processing method, apparatus and electronic device (一種數據處理方法、裝置及電子設備)	Invention patent	2023108761461	Mirrorverse Data	Beijing	July 18, 2023	July 17, 2043
29.	A method, device and apparatus for processing video data information (一種視頻數據信息的處理方法、裝置及設備)	Invention patent	202310738482X	Mirrorverse Data	Beijing	June 21, 2023	June 20, 2043
30.	A method, device and equipment for processing advertising information in virtual space (一種虛擬空間中的廣告信息處理方法、裝置及設備)	Invention patent	2023106775050	Mirrorverse Data	Beijing	June 9, 2023	June 8, 2043
31.	A method, apparatus and electronic device for processing comment data in virtual space (一種虛擬空間的評論數據處理方法、裝置及電子設備)	Invention patent	2023107532056	Mirrorverse Data	Beijing	June 26, 2023	June 25, 2043
32.	A method, device and apparatus for determining the spatial heat of a target element (一種目標元素空間熱度的確定方法、裝置及設備)	Invention patent	2023106949048	Mirrorverse Data	Beijing	June 13, 2023	June 12, 2043
33.	Method, apparatus, storage medium, and electronic device for acquiring simulation data set (模擬仿真數據集的獲取方法、裝置、存儲介質和電子設備)	Invention patent	2020111659056	Beijing 51Sim	Beijing	October 27, 2020	October 26, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
34.	Method, apparatus, storage medium, and electronic device for constructing a roadway net-work at a road intersection (構建道路交叉口路網的方法、裝置、存儲介質及電子設備)	Invention patent	2019103575056	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
35.	Road generation method, apparatus, storage medium and electronic device (道路生成方法、裝置、存儲介質及電子設備)	Invention patent	2019103566697	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
36.	Vehicle steering lightness test equipment (車輛轉向輕便性測試裝置)	Utility model patent	2019217042508	Beijing 51Sim	Beijing	October 11, 2019	October 10, 2029
37.	Simulation steering wheel system (模擬仿真方向盤轉向系統)	Utility model patent	2020207639106	Beijing 51Sim	Beijing	May 9, 2020	May 8, 2030
38.	Method, apparatus, storage medium and electronic device for generalization of driving track (行車軌跡的泛化方法、裝置、存儲介質及電子設備)	Invention patent	2021106143263	Beijing 51Sim	Beijing	June 2, 2021	June 1, 2041
39.	Image labeling method, apparatus, storage medium and electronic device (圖像標注方法、裝置、存儲介質及電子設備)	Invention patent	2020110806359	Beijing 51Sim	Beijing	October 10, 2020	October 9, 2040
40.	Method, apparatus, storage medium and electronic device for generating attribute information of transportation road network (交通路網屬性信息生成方法、裝置、存儲介質及電子設備)	Invention patent	2019106212181	Beijing 51Sim	Beijing	July 10, 2019	July 9, 2039
41.	A hand motion tracking method in a virtual driving environment (一種虛擬駕駛環境中手部運動跟蹤方法)	Invention patent	2018102829046	Beijing 51Sim	Beijing	April 2, 2018	April 1, 2038

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
42.	Pavement point cloud data extraction method, apparatus, storage medium and electronic device (路面點雲數據提取方法、裝置、存儲介質及電子設備)	Invention patent	2019103566983	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
43.	Traffic signal recognition method, apparatus, storage medium and electronic device (交通信號識別方法、裝置、存儲介質及電子設備)	Invention patent	2019103566837	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
44.	Vehicle braking control method and device, vehicle (車輛制動控制方法及裝置、車輛)	Invention patent	2020110527242	Beijing 51Sim	Beijing	September 29, 2020	September 28, 2040
45.	Method, apparatus, storage medium, and electronic device for generating motion trajectories (運動軌迹的生成方法、裝置、存儲介質和電子設備)	Invention patent	2020105268727	Beijing 51Sim	Beijing	June 9, 2020	June 8, 2040
46.	Radar simulation method, apparatus, storage medium and electronic device (雷達模擬仿真方法、裝置、存儲介質及電子設備)	Invention patent	2019103574903	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
47.	Platform for in-loop simulation and testing of in-vehicle cameras (車載相機在環模擬仿真測試用平台)	Utility model patent	2019217038771	Beijing 51Sim	Beijing	October 11, 2019	October 10, 2029
48.	Navigation map road network generation method, apparatus, storage medium and electronic device (導航地圖路網生成方法、裝置、存儲介質及電子設備)	Invention patent	2020105924177	Beijing 51Sim	Beijing	June 24, 2020	June 23, 2040
49.	A method of docking a virtual steering wheel and a real steering wheel in a virtual driving application (一種虛擬駕駛應用中虛擬方向盤和真實方向盤對接方法)	Invention patent	201810283139X	Beijing 51Sim	Beijing	April 2, 2018	April 1, 2038

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
50.	Method, apparatuses, storage media and electronic devices for building models (建立模型的方法、裝置、存儲介質及電子設備)	Invention patent	2020105498979	Beijing 51Sim	Beijing	June 16, 2020	June 15, 2040
51.	Lane line detection method, apparatus, storage medium and electronic device (車道綫檢測方法、裝置、存儲介質及電子設備)	Invention patent	2019106469063	Beijing 51Sim	Beijing	July 17, 2019	July 16, 2039
52.	3D road modeling method, apparatus, electronic device and storage medium (三維道路建模方法、裝置、電子設備及存儲介質)	Invention patent	2019107034586	Beijing 51Sim	Beijing	July 31, 2019	July 30, 2039
53.	Method, apparatus, storage medium and electronic device for displaying driving conditions (行駛狀況展示方法、裝置、存儲介質和電子設備)	Invention patent	2020105499030	Beijing 51Sim	Beijing	June 16, 2020	June 15, 2040
54.	Hardware-in-the-loop evaluation methods, devices, storage media, electronic devices and systems (硬件在環評價方法、裝置、存儲介質、電子設備與系統)	Invention patent	2020115113309	Beijing 51Sim	Beijing	December 18, 2020	December 17, 2040
55.	Intersection traffic simulation method, apparatus, medium and electronic device (交叉口交通模擬仿真方法、裝置、介質及電子設備)	Invention patent	2019103900989	Beijing 51Sim	Beijing	May 10, 2019	May 9, 2039
56.	Method, apparatus, storage medium and electronic device for adjusting camera parameters (調整攝像頭參數的方法、裝置、存儲介質及電子設備)	Invention patent	202011280791X	Beijing 51Sim	Beijing	November 16, 2020	November 15, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
57.	Method, apparatus, storage medium and electronic device for determining road connections (道路連接關係確定方法、裝置、存儲介質及電子設備)	Invention patent	2020107062358	Beijing 51Sim	Beijing	July 21, 2020	July 20, 2040
58.	Method, apparatus, storage medium and electronic device for identification of road elements and construction of road network (道路元素的識別和路網構建方法、裝置、存儲介質及電子設備)	Invention patent	2019103567204	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
59.	Simulated image processing method, apparatus, storage medium and electronic device (模擬仿真圖像處理方法、裝置、存儲介質及電子設備)	Invention patent	2019103574975	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
60.	Methods, apparatus, media, and electronic devices for regulating the speed of simulation process (調節模擬仿真過程的速度的方法、裝置、介質及電子設備)	Invention patent	2019103566907	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039
61.	Steering wheel assembly (方向盤總成)	Design patent	2019305130289	Beijing 51Sim	Beijing	September 18, 2019	September 17, 2029
62.	Lane generation method, apparatus, storage medium and electronic device (車道線生成方法、裝置、存儲介質及電子設備)	Invention patent	2020105498841	Beijing 51Sim	Beijing	June 16, 2020	June 15, 2040
63.	Driving simulator (模擬仿真駕駛器)	Design patent	2019305136092	Beijing 51Sim	Beijing	September 18, 2019	September 17, 2029
64.	Simulation data synchronization method, apparatus, storage medium and electronic device (模擬仿真數據同步方法、裝置、存儲介質及電子設備)	Invention patent	2019103574871	Beijing 51Sim	Beijing	April 29, 2019	April 28, 2039

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
65.	Brake pedal simulator (制動踏板模擬仿真器)	Utility model patent	2019217040269	Beijing 51Sim	Beijing	October 11, 2019	October 10, 2029
66.	Display screen panel with cloud-controlled high-level automatic driving interface (帶雲控式高級別自動駕駛界面的顯示屏幕面板)	Design patent	2021300167975	Beijing 51Sim	Beijing	January 11, 2021	January 10, 2031
67.	Pavement marking generation method, apparatus, storage medium and electronic device (路面標識生成方法及裝置、存儲介質及電子設備)	Invention patent	2020107976299	Beijing 51Sim	Beijing	August 10, 2020	August 9, 2040
68.	Method, devices, media and equipment for determining wheel loads of simulated vehicles (確定模擬仿真車輛的車輪載荷的方法、裝置、介質及設備)	Invention patent	2020110517946	Beijing 51Sim	Beijing	September 29, 2020	September 28, 2040
69.	Methods, apparatus, storage media and electronic devices for file manipulation (文件操作的方法、裝置、存儲介質及電子設備)	Invention patent	2020113642755	51WORLD	Beijing	November 27, 2020	November 26, 2040
70.	Method, apparatus, storage medium, and electronic device for determining an object in a three dimensional scene (三維場景中對象的確定方法、裝置、存儲介質和電子設備)	Invention patent	2020108898530	51WORLD	Beijing	August 28, 2020	August 27, 2040
71.	Rendering methods, apparatus, storage media and electronic devices (渲染方法、裝置、存儲介質及電子設備)	Invention patent	2020105202626	51WORLD	Beijing	August 28, 2020	June 8, 2040
72.	Data processing methods, apparatuses, storage media, and electronic devices (數據處理方法、裝置、存儲介質及電子設備)	Invention patent	2020110800386	Beijing 51Sim	Beijing	October 10, 2020	October 9, 2040

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Category	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
73.	A method, device and apparatus for generating an automatic driving simulation scenario (一種自動駕駛模擬仿真場景的生成方法、裝置及設備)	Invention patent	2023118111385	Beijing 51Sim	Beijing	December 27, 2023	December 26, 2043
74.	Method, apparatus and electronic device for testing vehicles in virtual scenario (虛擬場景下車輛的測試方法、裝置及電子設備)	Invention patent	2021110753290	Beijing 51Sim	Beijing	September 14, 2021	September 13, 2041
75.	A method, apparatus and device for synchronized information processing of virtual objects (一種虛擬對象的同步信息處理方法、裝置及設備)	Invention patent	202410026912X	Mirrorverse Data	Beijing	January 9, 2024	January 8, 2044
76.	A method, device and apparatus for processing three-dimensional model review information (一種三維模型審閱信息的處理方法、裝置及設備)	Invention patent	2023108601994	Mirrorverse Data	Beijing	July 13, 2023	July 12, 2043
77.	A method, apparatus and device for generating a virtual machine instruction set (一種虛擬機指令集的生成方法、裝置及設備)	Invention patent	2023117580431	Beijing 51Sim	Beijing	December 19, 2023	December 18, 2043
78.	A method, apparatus and device for generating maps (一種地圖的生成方法、裝置及設備)	Invention patent	2023117682172	Beijing 51Sim	Beijing	December 21, 2023	December 20, 2043

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(c) Work Copyrights

As of the Latest Practicable Date, our Group had registered the following work copyrights which we consider to be material to our business:

No.	Copyright	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date of registration
1.	51MEET icon	Guozuodengzi.2022.F.10110298	51WORLD	Beijing	March 31, 2022	December 31, 2072
2.	DIGITAL TWIN ERA .03 Issue.	Guozuodengzi.2022.L.10013970	51WORLD	Beijing	unpublished	December 31, 2072
3.	DIGITAL TWIN ERA Report (First Issue)	Guozuodengzi.2020.L.01207084	51WORLD	Beijing	July 3, 2020	December 31, 2070
4.	Cloud icon	Guozuodengzi.2020.F.01207095	51WORLD	Beijing	July 1, 2020	December 31, 2070
5.	51WORLD icon	Guozuodengzi.2020.F.01207083	51WORLD	Beijing	July 1, 2020	December 31, 2070
6.	51WORLD icon	Guozuodengzi.2020.F.01207085	51WORLD	Beijing	August 10, 2020	December 31, 2070
7.	Autonomous Driving Simulation Technology Research Report (2019) - English version	Guozuodengzi.2020.L.01207087	51WORLD	Beijing	May 30, 2019	December 31, 2069
8.	Autonomous Driving Simulation Technology Research Report (2019)	Guozuodengzi.2020.L.01207086	51WORLD	Beijing	May 30, 2019	December 31, 2069
9.	51WORLD icon	Guozuodengzi.2020.F.01171076	51WORLD	Beijing	December 18, 2019	December 31, 2069
10.	WDT icon	Guozuodengzi.2020.F.01202991	51WORLD	Beijing	July 1, 2020	December 31, 2070
11.	AES Full Element Scenario icon	Guozuodengzi.2020.F.01202992	51WORLD	Beijing	July 1, 2020	December 31, 2070
12.	Super API icon	Guozuodengzi.2020.F.01202990	51WORLD	Beijing	July 1, 2020	December 31, 2070
13.	S Road icon	Guozuodengzi.2020.F.01202993	51WORLD	Beijing	April 1, 2019	December 31, 2069
14.	51 icon	Guozuodengzi.2016.F.00346244	51WORLD	Beijing	unpublished	December 31, 2066
15.	51Island	Guozuodengzi.2022.L.10259863	51WORLD	Beijing	August 16, 2022	December 31, 2072

(d) Software Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Copyright	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date of registration
1.	Digital Human Accessibility Simulation Operation Visualization Platform	2023SR1415367	51WORLD	Beijing	September 1, 2023	September 1, 2073
2.	51 Digital Twin Water Conservancy General Platform	2023SR0890855	51WORLD	Beijing	April 8, 2023	April 8, 2073
3.	51 Digital Twin Smart Oil and Gas Visualization Management and Operation Platform	2023SR0571471	51WORLD	Beijing	January 1, 2023	January 1, 2073
4.	51 Digital Twin Scenario Backplane Software (L3 SE Accuracy)	2023SR0524720	51WORLD	Beijing	March 31, 2023	March 31, 2073
5.	51 Digital Twin Scenario Backplane Software (L2 MAX Accuracy)	2023SR0524734	51WORLD	Beijing	March 31, 2023	March 31, 2073
6.	51 Digital Twin Smart mine OS	2023SR0392626	51WORLD	Beijing	January 1, 2023	January 1, 2073
7.	51 Digital Twin ISE Simulation Engine Platform	2023SR0215721	51WORLD	Beijing	November 1, 2022	November 1, 2072
8.	51 Digital Twin CTOS Platform	2022SR1442110	51WORLD	Beijing	March 31, 2022	March 31, 2072
9.	51 Digital Twin TIM Platform	2022SR1442111	51WORLD	Beijing	March 31, 2022	March 31, 2072

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Copyright	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date of registration
10.	51 Digital Twin CIM Platform	2022SR1437796	51WORLD	Beijing	March 31, 2022	March 31, 2072
11.	51 Digital Twin Global Dual-carbon Smart Park OS	2022SR1373771	51WORLD	Beijing	March 31, 2022	March 31, 2072
12.	51 Digital Twin PaaS Software (Enterprise Professional Edition)	2022SR0425548	51WORLD	Beijing	September 17, 2021	September 17, 2071
13.	51 Digital Twin Airport Basic Platform	2021SR2217377	51WORLD	Beijing	September 6, 2021	September 6, 2071
14.	51 Digital Twin Rail Basic Platform	2021SR2139122	51WORLD	Beijing	September 6, 2021	September 6, 2071
15.	51 Digital Twin Venue Basic Platform	2021SR2060254	51WORLD	Beijing	September 6, 2021	September 6, 2071
16.	51 Digital Twin Traffic OS Platform	2021SR2060169	51WORLD	Beijing	July 1, 2021	July 1, 2071
17.	51 Digital Twin Scenic Spot Basic Platform	2021SR2056119	51WORLD	Beijing	September 6, 2021	September 6, 2071
18.	51 Digital Twin Basic Platform	2021SR2042215	51WORLD	Beijing	September 6, 2021	September 6, 2071
19.	51 Digital Twin BIM Platform	2021SR2042213	51WORLD	Beijing	September 6, 2021	September 6, 2071
20.	51World Real-time Cloud Rendering Platform ios Version	2021SR1390845	51WORLD	Beijing	March 10, 2021	March 10, 2071
21.	51WORLD Developer Tools (WDT) Platform	2020SR1724644	51WORLD	Beijing	September 30, 2020	September 30, 2070
22.	51WORLD Smart City Operation Management Platform	2020SR1175398	51WORLD	Beijing	May 6, 2020	May 6, 2070
23.	51WORLD Smart Park Operation and Management Platform	2020SR1082002	51WORLD	Beijing	May 22, 2020	May 22, 2070
24.	51WORLD Visualization Page Editing Platform	2020SR1071268	51WORLD	Beijing	March 31, 2020	March 31, 2070
25.	51WORLD DIP Data Integration Service Platform	2020SR0881772	51WORLD	Beijing	March 31, 2020	March 31, 2070
26.	51launcher Online Delivery Platform	2020SR0881652	51WORLD	Beijing	March 5, 2020	March 5, 2070
27.	51WORLD Digital Twin Scenario Backplane L3 Software	2020SR0785324	51WORLD	Beijing	October 1, 2019	October 1, 2069
28.	51WORLD Digital Twin Scenario Backplane L2 Software	2020SR0785550	51WORLD	Beijing	August 1, 2019	August 1, 2069
29.	51SuperAPI All-element Scenario Open Platform	2020SR0736731	51WORLD	Beijing	January 21, 2020	January 21, 2070
30.	51 Digital Twin Airport Basic Platform	2022SR0556119	Mirrorverse Chengdu	Chengdu	September 9, 2021	September 9, 2071
31.	51 Digital Twin BIM Basic Platform	2022SR0556120	Mirrorverse Chengdu	Chengdu	August 31, 2021	August 31, 2071
32.	51 Digital Twin Factory Basic Platform	2022SR0556123	Mirrorverse Chengdu	Chengdu	August 31, 2021	August 31, 2071
33.	51 Digital Twin Real Estate Sales Basic Platform	2022SR0556118	Mirrorverse Chengdu	Chengdu	August 20, 2021	August 20, 2071
34.	51 Digital Twin Building Operation Management Basic Platform	2022SR0556117	Mirrorverse Chengdu	Chengdu	May 12, 2021	May 12, 2071
35.	51 Digital Twin Rail Basic Platform	2022SR0556125	Mirrorverse Chengdu	Chengdu	June 22, 2021	June 22, 2071
36.	51 Digital Twin Water Operation Management Basic Platform	2022SR0556121	Mirrorverse Chengdu	Chengdu	April 22, 2021	April 22, 2071
37.	51 Digital Twin Energy Operation Management Basic Platform	2022SR0556122	Mirrorverse Chengdu	Chengdu	September 20, 2021	September 20, 2071
38.	51 Digital Twin Port Basic Platform	2022SR0556124	Mirrorverse Chengdu	Chengdu	April 22, 2021	April 22, 2071
39.	51 Digital Twin Smart BIM Platform	2022SR0524005	Mirrorverse Shenzhen	Shenzhen	September 1, 2021	September 1, 2071
40.	51 Digital Twin Smart Airport Platform	2022SR0524006	Mirrorverse Shenzhen	Shenzhen	September 1, 2021	September 1, 2071
41.	51 Digital Twin Smart Building Operation Management Platform	2022SR0524007	Mirrorverse Shenzhen	Shenzhen	May 6, 2021	May 6, 2071
42.	51 Digital Twin Smart Energy Operation Management Platform	2022SR0523870	Mirrorverse Shenzhen	Shenzhen	September 1, 2021	September 1, 2071

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Copyright	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date of registration
43.	51 Digital Twin Smart Park Operation Management Platform	2022SR0523871	Mirrorverse Shenzhen	Shenzhen	May 22, 2021	May 22, 2071
44.	51 Digital Twin Smart Water Operation Management Platform	2022SR0523872	Mirrorverse Shenzhen	Shenzhen	March 21, 2021	March 21, 2071
45.	51 Digital Twin Smart Rail Platform	2022SR0523873	Mirrorverse Shenzhen	Shenzhen	September 1, 2021	September 1, 2071
46.	51 Digital Twin Smart Factory Platform	2022SR0523874	Mirrorverse Shenzhen	Shenzhen	September 1, 2021	September 1, 2071
47.	51 Digital Twin Smart Real Estate Sales Platform	2022SR0523875	Mirrorverse Shenzhen	Shenzhen	September 6, 2021	September 6, 2071
48.	51 Digital Twin Smart Port Platform	2022SR0523850	Mirrorverse Shenzhen	Shenzhen	April 22, 2021	April 22, 2071
49.	51 Digital Twin Smart Building Operation Management Basic Platform	2022SR0912439	Mirrorverse Shanghai	Shanghai	May 7, 2021	May 7, 2071
50.	51 Digital Twin Scenario Backplane Software (L3 Accuracy)	2022SR0912526	Mirrorverse Shanghai	Shanghai	March 22, 2021	March 22, 2071
51.	51 Digital Twin Smart Real Estate Basic Platform	2022SR0911999	Mirrorverse Shanghai	Shanghai	September 6, 2021	September 6, 2071
52.	51 Digital Twin Scenario Interactive Interface Service Platform	2022SR0912524	Mirrorverse Shanghai	Shanghai	January 18, 2021	January 18, 2071
53.	51 Digital Twin Smart BIM Basic Platform	2022SR0912469	Mirrorverse Shanghai	Shanghai	September 1, 2021	September 1, 2071
54.	51 Digital Twin Smart Port Basic Platform	2022SR0912607	Mirrorverse Shanghai	Shanghai	April 22, 2021	April 22, 2071
55.	51 Digital Twin Smart Factory Basic Platform	2022SR0912525	Mirrorverse Shanghai	Shanghai	September 1, 2021	September 1, 2071
56.	51 Digital Twin Smart Rail Basic Platform	2022SR0912470	Mirrorverse Shanghai	Shanghai	September 1, 2021	September 1, 2071
57.	51 Digital Twin Smart Airport Basic Platform	2022SR0912523	Mirrorverse Shanghai	Shanghai	September 1, 2021	September 1, 2071
58.	51 Digital Twin Smart Energy Operation Management Basic Platform	2022SR0912459	Mirrorverse Shanghai	Shanghai	September 1, 2021	September 1, 2071
59.	51 Digital Twin Smart Park Operation Management Basic Platform	2022SR0911959	Mirrorverse Shanghai	Shanghai	May 22, 2021	May 22, 2071
60.	51 Digital Twin Scene Backplane Software (L2 Accuracy)	2022SR0912431	Mirrorverse Shanghai	Shanghai	March 22, 2021	March 22, 2071
61.	51 Digital Twin Smart City Operation Management Basic Platform	2022SR0912417	Mirrorverse Shanghai	Shanghai	May 6, 2021	May 6, 2071
62.	51Sim-One Cloud Autonomous Driving Simulation Cloud Platform	2023SR0269724	Beijing 51Sim	Beijing	April 30, 2021	April 30, 2071
63.	51Sim-One Cloud Autonomous Driving Simulation Cloud Platform	2022SR1578164	Beijing 51Sim	Beijing	March 31, 2022	March 31, 2072
64.	51Digital Twin Dynamic Simulation Microservice (DSTService) Platform	2022SR1442109	Beijing 51Sim	Beijing	April 1, 2022	April 1, 2072
65.	51Sim-One Vehicle-road Collaborative Intelligent Integrated Management and Control Platform	2023SR0269722	Beijing 51Sim	Beijing	May 9, 2020	May 9, 2070
66.	51Sim-One Autonomous Driving Simulation Platform	2022SR1578180	Beijing 51Sim	Beijing	March 31, 2022	March 31, 2072
67.	51Sim-One Autonomous Driving Simulation Platform (Educational Edition)	2023SR0885550	Beijing 51Sim	Beijing	April 1, 2023	April 1, 2073
68.	51Sim-One Autonomous Driving Simulation and Testing Platform	2023SR0269723	Beijing 51Sim	Beijing	March 11, 2021	March 11, 2071

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Copyright	Registration Number	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry date of registration
69.	51Sim Dataverse Data Platform	2023SR0375240	Beijing 51Sim	Beijing	March 1, 2022	March 1, 2072
70.	Open Sim-One Simulation Testing Open Platform	2023SR0269721	Beijing 51Sim	Beijing	August 14, 2021	August 14, 2071
71.	51Meet Visionary Platform Software	2022SR1610336	Mirrorverse Data	Beijing	July 8, 2022	July 8, 2072
72.	51 Digital Twin Traffic Simulation Platform	2024SR0727532	Beijing 51Sim	Beijing	February 29, 2024	March 1, 2074
73.	51 Digital Twin TIM Road Online Platform	2024SR0267826	Beijing 51Sim	Beijing	March 31, 2023	March 31, 2073

(e) Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registrant	Date of Registration	Expiry Date
1.	51world.com.cn	Beijing 51WORLD Digital Twin Technology Co., Ltd.	November 29, 2022	November 29, 2032
2.	51aes.com	Beijing 51WORLD Digital Twin Technology Co., Ltd.	April 11, 2020	April 11, 2026
3.	51sim.com	Beijing 51Sim Technology Co., Ltd.	December 1, 2008	December 1, 2028
4.	51earth.com	51WORLD High Technology (HK) Co., Limited	November 28, 2023	November 28, 2026

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors’ and Supervisors’ Service Contracts and Appointment Letters

We have entered into a service contract or appointment letter with each of the Directors and Supervisors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Remuneration of Directors and Supervisors

The aggregate remuneration (including fees, salaries, wages, share-based compensation, contributions to pension plans, benefits-in-kind and discretionary bonuses) for our Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were RMB5.0 million, RMB5.0 million, RMB18.1 million and RMB17.7 million, respectively.

Based on the current arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration for our Directors (including independent non-executive Directors) and Supervisors for the year ending December 31, 2025 will be RMB7.0 million. The actual total remuneration of Directors and Supervisors for the year ending December 31, 2025 may be different from the expected remuneration as the discretionary bonuses will be determined based on the results of the Company for the year ending December 31, 2025.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors or Supervisors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 by any member of our Group to any of our Directors.

C. Disclosure of Interests

Save as disclosed below, immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED], the share options granted under our [REDACTED] Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [REDACTED] on the Hong Kong Stock Exchange.

(i) Interest in Shares of our Company

As of the Latest Practicable Date ⁽¹⁾					Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] and the share options granted under our [REDACTED] Share Option Scheme are not exercised) ⁽²⁾		
Name of Director, Supervisor or Chief Executive	Position	Nature of interests	Number and Type of Shares	Approximate percentage of interest in the total issued share capital	Number and Type of Shares	Approximate percentage of shareholding in the relevant type of Shares after the [REDACTED] ⁽²⁾	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] ⁽²⁾
Mr. Li	Executive Director	Beneficial owner ⁽³⁾	47,670,825	12.5%	[REDACTED]	[REDACTED]	[REDACTED]
			Unlisted Shares		[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporations ⁽⁴⁾	46,933,525	12.3%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zhang Yuwei	Executive Director	Interest in controlled corporations ⁽⁵⁾	395,295		[REDACTED]	[REDACTED]	[REDACTED]
		Unlisted Shares	0.1%				

Notes:

(1) The calculation is based on the total number of [REDACTED] in issue and [REDACTED] H Shares in issue upon [REDACTED].

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (2) The table above assumes the [REDACTED] becomes unconditional and the [REDACTED] are issued pursuant to the [REDACTED] and no new Shares are issued under the [REDACTED], the share options granted under our [REDACTED] Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].
- (3) As of the Latest Practicable Date, Mr. Li was granted 38,238,095 CEO Options by our Company, upon the vesting and exercise of which the same number of H Shares will be issued to him.
- (4) Mr. Li is interested in approximately 92.7% of Starcraft Technology and is deemed to be interested in all the Shares held by Starcraft Technology under the SFO.
- (5) Ms. Zhang Yuwei holds 40.0% of the economic interest in Xinyi Ruizhi and is deemed to be interested in all the Shares held by Xinyi Ruizhi under the SFO.

(ii) *Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)*

Save as disclosed in the section headed “Substantial Shareholders”, our Directors are not aware of any other person who will, immediately following completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED], the share options granted under our [REDACTED] Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

Member of our Group	Name of substantial Shareholder	Approximate % held by the substantial Shareholder
Beijing Mirrorverse Data Service Co., Ltd.* (北京萬物鏡像數據服務有限公司)	Wanwu Yuanjian (Beijing) Information Consulting Limited Partnership* (萬物遠見（北京）信息諮詢合夥企業（有限合夥）)	40.0%
Chengdu Sanjian World Software Technology Co., Ltd.* (成都三見世界軟件科技有限公司)	Chengdu Suojiansuode Media Group Co., Ltd.* (成都所見所得傳媒集團有限公司)	49.0%
Guangxi Mirrorverse Technology Co., Ltd.* (廣西萬物鏡像科技有限公司)	Xinrong Xinchuang Digital Technology (Shanghai) Co., Ltd.* (新融信創數字科技（上海）有限公司)	40.0%

D. Disclaimer

- (i) Save as disclosed in “—3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS—C. Disclosure of Interests” in this document, none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED];
- (ii) none of our Directors, Supervisors or any of the experts referred to under the paragraph headed “—5. Other Information—G. Qualification of Experts” has any direct or indirect

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (iii) Save as disclosed in “—2. FURTHER INFORMATION ABOUT OUR BUSINESS—A. Summary of Our Material Contracts” in this document, none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (iv) Save as disclosed in “—3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS—A. Particulars of Directors’ and Supervisors’ Service Contracts and Appointment Letters” in this document, none of our Directors or Supervisors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (v) Save as disclosed in “—3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS—C. Disclosure of Interests” in this document, so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the [REDACTED], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, 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 member of our Group; and
- (vi) none of our Directors, Supervisors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. OUR INCENTIVE SCHEMES

A. [REDACTED] Share Incentive Scheme

Our Company adopted a [REDACTED] Share Incentive Scheme on June 28, 2023 which was further amended on August 9, 2024 (the “**Share Incentive Scheme**”). The following is a summary of the principal terms of the Share Incentive Scheme. The terms of Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of options or Shares by our Company after our [REDACTED].

(i) *Purpose*

The purpose of the Share Incentive Scheme is to improve our Group’s corporate governance structure and incentive mechanism and incentivize our Group’s employees to achieve a sustained and healthy development of our Group in order to realize our Group’s long-term objectives. The Share Incentive Scheme is implemented to align the interests of the Shareholders with the interests of the Group and employees which will benefit the sustained development of our Group.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(ii) Administration

The Share Incentive Scheme is subject to the approval of the Shareholders’ meeting, administration and supervision of the Board.

(iii) Participants

The participants of the Share Incentive Scheme include employees of our Group.

(iv) Source and maximum number of Shares

Qingdao Mirrorverse No. 8 Management Consulting Partnership (Limited Partnership)* (青島萬物鏡像八號管理諮詢合夥企業 (有限合夥)) (“**Qingdao Mirrorverse No. 8**”) was established as our employee incentive platform. Qingdao Mirrorverse No. 8 is a limited partner of Qingdao Mirrorverse, holding approximately 13.67% of the economic interest in Qingdao Mirrorverse and, thus, indirectly interested in 3,650,005 Shares. Participants under the Share Incentive Scheme are granted the right to subscribe for partnership interest in Qingdao Mirrorverse No. 8 (the “**Awards**”), where upon the payment of the subscription price, the participants will be registered as its limited partners and would be indirectly interested in our Shares.

(v) Term of the Share Incentive Scheme

The Share Incentive Scheme shall be effective from the date of approval by the Shareholders up to the date when the participants no longer hold any partnership interest in reference.

(vi) [REDACTED] of Shares Awards

The grantees shall not dispose of their respective partnership interest in Qingdao Mirrorverse No. 8 during the period commencing from the date of establishment of Qingdao Mirrorverse No. 8 until (i) the Shares underlying the Awards are not subject to any [REDACTED] pursuant to any relevant laws, regulations and listing rules of our Company’s place of [REDACTED], or (ii) December 31, 2025, whichever is later. During the [REDACTED] period, in the event that an employee depart from the Group, our Company would be entitled (but not obliged) to request the relevant employee(s) to dispose of his/their interests in Qingdao Mirrorverse No. 8 at original investment cost paid by the relevant employee(s).

(vii) Details of Awards

As of the Latest Practicable Date, all Awards have been granted to the participants. The subscription price has been fully paid by the grantees and the grantees have become partners of Qingdao Mirrorverse No. 8. The grantees are entitled to the right to receiving dividends. In the event that any grantee ceases to be an employee of the Company during the term of service, the Company may require the grantee to transfer his or her partnership interest in Qingdao Mirrorverse No. 8 to a third party designated by the Company at the subscription price pursuant to the terms of the Share Incentive Scheme.

As of the Latest Practicable Date, the total number of Shares underlying the Awards was 3,650,000, representing approximately [REDACTED] of the issued Shares immediately following the completion of the [REDACTED] (assuming no changes to our issued Shares between the Latest Practicable Date and the [REDACTED]).

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

The following table sets forth the details of Awards granted to the Directors, Supervisors, senior management or connected persons of our Company as of the Latest Practicable Date:

Name of participant	Position in our Company	Date of subscription	Number of Underlying Shares	Subscription Price per Share	Approximate % of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
<i>Directors</i>					
Ms. Zhang Yuwei	Executive Director	July 4, 2024	147,056	RMB1.36	[REDACTED]
Ms. Tong Shan	Executive Director	June 15, 2023	200,004	RMB1.36	[REDACTED]
<i>Supervisor</i>					
Mr. Hou Tao	Supervisor	June 15, 2023	100,000	RMB1.36	[REDACTED]
<i>Senior management</i>					
Ms. Du Jinyan	Senior management	June 15, 2023	200,004	RMB1.36	[REDACTED]
Ms. Zhang Jing	Senior management	June 15, 2023	200,004	RMB1.36	[REDACTED]
Total			847,068		[REDACTED]

Note:

- (1) The calculation is based on the assumption that no new Shares are issued under the [REDACTED], the share options granted under our [REDACTED] Share Option Scheme are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].

The following table sets forth the details of Awards granted to other participants (excluding Directors, Supervisors, senior management and connected persons of our Company) as of the Latest Practicable Date:

Number of participants	Date of subscription	Number of Underlying Shares	Subscription Price per Share	Approximate % of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
18 ⁽²⁾	June 15, 2023	1,775,026	RMB1.36	[REDACTED]
	December 27, 2023	200,004	RMB1.36	[REDACTED]
	July 4, 2024	827,937	RMB1.36	[REDACTED]
Total		2,802,967		[REDACTED]

Notes:

- (1) Please refer to the note to the preceding table.
(2) As of the Latest Practicable Date, six of the participants collectively holding approximately 21.88% of the interests in Qingdao Mirrorverse No. 8 and, thus, indirectly interested in 798,537 Shares have resigned and are no longer employees of our Group.

(viii) Details of interests in Qingdao Mirrorverse No. 8

As of the Latest Practicable Date, all partnership interests in Qingdao Mirrorverse No. 8 have been granted to, vested in and subscribed by and fully paid up by the limited partners, and the relevant registration had been completed.

As of the Latest Practicable Date, Qingdao Mirrorverse No. 8 held 3,650,005 Shares, representing approximately 13.67% of the total issued Shares of our Company. Details of the Awards

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(which have been fully vested and corresponded to a total of 3,076,471 underlying Shares of our Company) granted to Directors, Supervisors, senior management of our Company, and employees of the Group under the Share Incentive Scheme are set out below:

Name	Position(s)	Relevant Employee Shareholding Platforms	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to partnership interests held by the grantees	Approximate shareholding percentage of total issued Shares immediately prior to the [REDACTED]
Ms. Zhang Yuwei (張雨薇)	Executive Director and vice president	Qingdao Mirrorverse No. 8	4.03%	147,056	[REDACTED]
Ms. Tong Shan (佟珊) . . .	Executive Director	Qingdao Mirrorverse No. 8	5.48%	200,004	[REDACTED]
Ms. Du Jinyan (杜金艷)	Secretary to the Board, chief legal officer and one of our joint company secretaries upon [REDACTED]	Qingdao Mirrorverse No. 8	5.48%	200,004	[REDACTED]
Mr. Hou Tao (侯濤)	Supervisor	Qingdao Mirrorverse No. 8	2.74%	100,000	[REDACTED]
Ms. Zhang Jing (張敬)	Senior management	Qingdao Mirrorverse No. 8	5.48%	200,004	[REDACTED]
Han Zhuang (韓壯)	Capital operation director	Qingdao Mirrorverse No. 8	5.48%	200,000	[REDACTED]
Wang Hong (王宏)	Funding director	Qingdao Mirrorverse No. 8	10.60%	386,769	[REDACTED]
Liang Haoxiang (梁昊翔)	Solution manager	Qingdao Mirrorverse No. 8	4.03%	147,060	[REDACTED]
Wang Yongchao (王永超)	Senior architect	Qingdao Mirrorverse No. 8	6.77%	247,060	[REDACTED]
Peng Bo (彭博)	Senior technical artist	Qingdao Mirrorverse No. 8	2.01%	73,526	[REDACTED]
Du Fei (杜菲)	Marketing manager	Qingdao Mirrorverse No. 8	5.48%	200,004	[REDACTED]
Dou Siang (竇司昂)	Secretary to the board of Directors of Beijing 51Sim	Qingdao Mirrorverse No. 8	4.11%	150,002	[REDACTED]
Bao Shiqiang (鮑世強)	CEO of 51Sim	Qingdao Mirrorverse No. 8	2.74%	100,000	[REDACTED]
Wu Yaguang (吳亞光) . . .	Director and general manager of Beijing Mirrorverse Data Service Co., Ltd.* (北京萬物鏡像數據服務有限公司) and CEO of it's shanghai branch	Qingdao Mirrorverse No. 8	2.74%	100,000	[REDACTED]
Zhang Anchun (張安春)	Deputy general manager and director of R&D	Qingdao Mirrorverse No. 8	2.74%	100,000	[REDACTED]
Wang Qingtao (王慶濤)	Sales director	Qingdao Mirrorverse No. 8	4.11%	150,002	[REDACTED]
Zhang Xiaona (張曉娜)	Deputy general manager	Qingdao Mirrorverse No. 8	4.11%	150,002	[REDACTED]

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Name	Position(s)	Relevant Employee Shareholding Platforms	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to partnership interests held by the grantees	Approximate shareholding percentage of total issued Shares immediately prior to the [REDACTED]
Hao Lili (郝麗麗) ⁽¹⁾	Human resources Qingdao director	Mirrorverse manager No. 8	0.00%	5	[REDACTED]

Note:

- (1) Hao Lili is the general partner of Qingdao Mirrorverse No. 8 holding approximately 5 Shares corresponding to her partnership interest as qualifying partnership interest as a general partner.

B. [REDACTED] Share Option Scheme

Our Company adopted a [REDACTED] Share Option Scheme on August 9, 2024 (the “[REDACTED] Share Option Scheme”). The [REDACTED] Share Option Scheme does not involve the grant of any options or Share after [REDACTED] and is not subject to the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the [REDACTED] Share Option Scheme:

Objective

The [REDACTED] Share Option Scheme is to improve the Company’s incentive mechanism, attract and retain talents and to motivate the senior management to ensure the achievement of the Company’s development goals.

Administration

The [REDACTED] Share Option Scheme’s approval, alteration and termination are subject to Shareholders meetings. The Board is authorized for the implementation of the Pre-[REDACTED] Share Option Scheme.

Eligibility

The eligible participants of the [REDACTED] Share Option Scheme are the senior management of the Company.

Maximum Number of Shares

The maximum number of Shares to be granted under the [REDACTED] Share Option Scheme shall not exceed 38,238,095 Shares, representing approximately 10.0% of the Shares of the Company as of the Latest Practicable Date.

Source of Shares

The underlying Shares under the [REDACTED] Share Option Scheme are the H Shares to be issued or, subject to the compliance with the relevant laws and regulations and the listing rules of the stock exchange where the Shares are listed, treasury shares to be transferred to the specified participants by the Company upon [REDACTED].

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Validity

The [REDACTED] Share Option Scheme shall be valid and effective for the period of six years commencing on the date of grant.

Vesting Schedule and Performance Targets

The Board, in its discretion, determines the vesting schedule, which is specified in the relevant award agreement. The actual amount of options to be vested under the [REDACTED] Share Option Scheme are subject to the achievement of certain performance targets specified in the relevant award agreement.

Exercise Period

Options may be exercised by the grantees provided that the H Shares are [REDACTED] on the Stock Exchange and the grantees may exercise the vested options in accordance with the terms of the [REDACTED] Share Option Scheme and the relevant award agreement if the vesting conditions under the [REDACTED] Share Option Scheme are met. The grantees must exercise their options within ten years from the date of grant.

Exercise Price

The Board, in its discretion, determines the exercise price, which is specified in the relevant award agreement.

[REDACTED] Periods and Restrictions

The participants under the [REDACTED] Share Option Scheme shall comply with the [REDACTED] period and restriction requirements under the relevant laws and regulations.

CEO Options

On August 9, 2024, our Company granted 38,238,095 options to Mr. Li to subscribe for 38,238,095 Unlisted Shares (the “CEO Options”) under the [REDACTED] Share Option Scheme. See “Directors, Supervisors and Parties Involved in the [REDACTED]” for details on the address of Mr. Li. In respect of the grant of the CEO Options, Mr. Li has also undertaken and covenanted that his annual compensation shall not exceed HK\$510,000 for the period between January 1, 2025 and December 31, 2030.

The exercise price of the CEO Options is HK\$5.1 per Share. The exercise period of the CEO Options is 10 years from the date of grant. If Mr. Li ceases to hold the position of the Director or chief executive officer during the exercise period, Mr. Li may continue to exercise any vested CEO Options in accordance with the terms of the grant and any unvested CEO Options may be cancelled by the Company.

The CEO Options shall vest in accordance with the achievement of the performance targets set out below. The Board shall from time to time, by benchmarking Mr. Li’s performance with the performance targets, assess whether and to what extent the performance targets have been achieved.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Tranche	[REDACTED] target ⁽¹⁾ (HK\$)	% of CEO Options vested
1	[REDACTED]	10%
2	[REDACTED]	10%
3	[REDACTED]	10%
4	[REDACTED]	10%
5	[REDACTED]	10%
6	[REDACTED]	10%
7	[REDACTED]	10%
8	[REDACTED]	10%
9	[REDACTED]	10%
10	[REDACTED]	10%

Note:

(1) The [REDACTED] target is achieved when the Six-month Market Cap or Thirty-day Market Cap between January 1, 2025 and December 31, 2030 meets or exceeds the requisite [REDACTED] target.

- A trading day refers to a day on which the Stock Exchange is open for trading;
- The Company’s [REDACTED] for a particular trading day is equal to the product of (a) the [REDACTED] of the H Shares as stated in the Stock Exchange’s daily quotations sheet for such trading day and (b) the total number of issued shares of the Company as of the close of such trading day (the “Daily [REDACTED]”);
- The “Six-month Market Cap” is equal to (a) the sum of the Daily [REDACTED] for each trading day during the six consecutive month period, divided by (b) the number of trading days during such period; and
- The “Thirty-day Market Cap” is equal to (a) the sum of the Daily [REDACTED] for each trading day during the 30 consecutive calendar day period, divided by (b) the number of trading days during such period.

An application has been made to the Stock Exchange for the [REDACTED] of and permission to [REDACTED] in the H Shares which may be [REDACTED] and issued upon the exercise of the outstanding CEO Options pursuant to the [REDACTED] Share Option Scheme.

Outstanding CEO Options granted under the [REDACTED] Share Option Scheme

As of the Latest Practicable Date, CEO Options to subscribe for a total of 38,238,095 Unlisted Shares, representing approximately [REDACTED] of the total issued share capital of our Company immediately after completion of the [REDACTED] of Unlisted Shares into H Shares and the [REDACTED] (assuming the CEO Options granted have not been exercised and remain outstanding) have been granted to Mr. Li under the [REDACTED] Share Option Scheme. H Shares which may be allotted and issued to Mr. Li upon the exercise of the outstanding CEO Options pursuant to the [REDACTED] Share Option Scheme is subject to disposal restriction pursuant to Rule 18C.14(1) of the Listing Rules.

C. Beijing 51Sim Stock Option Scheme

The following is a summary of the principal terms of the Beijing 51Sim Stock Option Scheme adopted by Beijing 51Sim, a subsidiary of the Company, which took effect on August 4, 2023. The terms of the Beijing 51Sim Stock Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as Beijing 51Sim is not a principal subsidiary of our Company under Rule 17.14 of the Listing Rules.

Summary of terms

(a) Purpose

The purpose of the Beijing 51Sim Stock Option Scheme is to motivate and retain employees within the Group or consultants to contribute to the growth of Beijing 51Sim.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(b) *Eligible participants*

Eligible participants of the Beijing 51Sim Stock Option Scheme may include employees (including officers, directors and other employees) of Beijing 51Sim.

(c) *Administration*

The Beijing 51Sim Stock Option Scheme is administered by the executive director of Beijing 51Sim (the “**Scheme Administrator**”).

(d) *Awards*

An award will take the form of option only which represents the right to subscribe for shares of Beijing 51Sim.

(e) *Grant of awards*

Awards granted will be evidenced by a written agreement, which will contain the terms, conditions, limitations, and restrictions determined by the Scheme Administrator. Such written agreements must include or incorporate by reference at least the following terms and conditions: number of shares, exercise price, vesting schedule, term and termination.

(f) *Validity period of the Beijing 51Sim Stock Option Scheme*

Unless being terminated earlier, the term of the Beijing 51Sim Stock Option Scheme is for the period from the date of adoption by the shareholders until all the share options have been exercised by the grantees.

(g) *Term of options*

Unless determined by the Scheme Administrator, the option has a term of 4 years commencing from the grant date.

(h) *Vesting period of options*

All the options granted shall vest in four equal installments on each of the first, second, third and fourth anniversaries of the date of the grant. Upon exercise of the options, the grantees will become limited partners of an employee incentive platform of Beijing 51Sim and, thus, indirectly held economic interest in the relevant shares of Beijing 51Sim.

Awards granted

As of the Latest Practicable Date, options representing the right to acquire economic interests in 645,715 shares of Beijing 51Sim granted to 32 employees of the Group remain outstanding, accounting for approximately 5.7% of the total issued share capital of Beijing 51Sim.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

The table below sets out the details of options granted to directors, supervisors, senior management and employees of members of our Group under the Beijing 51Sim Stock Option Scheme:

Name of Grantee	Positions held in our Group	Date of Grant	Total Number of Shares of Beijing 51Sim Underlying the Options Granted	Exercise Price (RMB) per Share of Beijing 51Sim	Approximate Percentage of Shareholding in the Total Issued Share Capital of Beijing 51Sim
Bao Shiqian (鮑世強)	CEO of Beijing 51Sim	August 10, 2023	142,863	35	[1.26]%
Zhang Anchun (張安春)	Deputy general manager and director of R&D	August 10, 2023	57,143	35	[0.50]%
Cai Hong (蔡鴻)	Senior architect	August 10, 2023	28,571	35	[0.25]%
Cao Shi (曹石)	R&D manager	August 10, 2023	5,714	35	[0.05]%
Chen Dehao (陳德灝)	Senior hardware engineer	August 10, 2023	28,571	35	[0.25]%
Chen Lei (陳磊)	Senior product manager	August 10, 2023	28,571	35	[0.25]%
Dou Siang (竇司昂)	Board secretary of Beijing 51Sim	August 10, 2023	14,286	35	[0.13]%
Fang Zehua (房澤華)	Backend engineer	August 10, 2023	5,714	35	[0.05]%
Fu Yong (付勇)	Senior product manager	August 10, 2023	5,714	35	[0.05]%
Gao Feng (郜峰)	Senior simulation engineer	August 10, 2023	22,857	35	[0.20]%
Li Shendong (李申東)	Senior simulation engineer	August 10, 2023	5,714	35	[0.05]%
Li Yule (李宇玟)	Senior user experience designer	August 10, 2023	5,714	35	[0.05]%
Lin Changnuan (林昌暖)	Senior R&D manager	August 10, 2023	28,571	35	[0.25]%
Liu Ming (柳明)	Simulation engineer	August 10, 2023	5,714	35	[0.05]%
Luo Senli (羅森禮)	Senior frontend engineer	August 10, 2023	5,714	35	[0.05]%
Mao Zuqiu (毛祖秋)	Senior R&D manager	August 10, 2023	28,571	35	[0.25]%
Mi Nanqiang (米南強)	R&D director	August 10, 2023	28,571	35	[0.25]%
Niu Chao (牛超)	Sales director	August 10, 2023	5,714	35	[0.05]%
Qing Gele (青格勒)	Senior application engineer	August 10, 2023	5,714	35	[0.05]%
Tang Yi (唐怡)	Senior product manager	August 10, 2023	14,286	35	[0.13]%
Wang Huadong (王華棟)	Frontend engineer	August 10, 2023	5,714	35	[0.05]%
Wang Xiaoman (王曉曼)	Algorithm engineer	August 10, 2023	5,714	35	[0.05]%
Yang Qihang (楊啟航)	Simulation engineer	August 10, 2023	5,714	35	[0.05]%

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Name of Grantee	Positions held in our Group	Date of Grant	Total Number of Shares of Beijing 51Sim Underlying the Options Granted	Exercise Price (RMB) per Share of Beijing 51Sim	Approximate Percentage of Shareholding in the Total Issued Share Capital of Beijing 51Sim
Yu Jinyang (余進洋)	Senior frontend engineer	August 10, 2023	5,714	35	[0.05%]
Yu Xiaolong (喻小龍)	Senior level designer	August 10, 2023	14,286	35	[0.13%]
Zhang Chenchen (張晨晨) . . .	Senior backend engineer	August 10, 2023	5,714	35	[0.05%]
Zhang Hongru (張宏儒)	Senior test engineer	August 10, 2023	14,286	35	[0.13%]
Zhang Xiaona (張曉娜)	Deputy general manager	August 10, 2023	57,143	35	[0.50%]
Zhao Wenjie (趙文杰)	Solution expert	August 10, 2023	14,286	35	[0.13%]
Zhou Yao (周耀)	Architect	August 10, 2023	14,286	35	[0.13%]
Zhu Xiaowen (朱曉文)	Architect	August 10, 2023	22,857	35	[0.20%]
Zou Nan (鄒楠)	Senior sales manager	August 10, 2023	5,714	35	[0.05%]

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under laws of China is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in “Business - Legal Proceedings and Compliance” in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company’s results of operations or financial condition.

C. Joint Sponsors

[The Joint Sponsors have made an application on behalf of our Company to the Hong Kong Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into [REDACTED].]

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and each of the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US\$400,000 to act as the sponsors of our Company in connection with the proposed [REDACTED] on the Hong Kong Stock Exchange.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

D. Compliance Adviser

Our Company has appointed Somerley Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

E. Qualification of Experts

The qualification of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities as defined under the SFO
Zhong Lun Law Firm	Legal advisor to the Company as to PRC laws
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Daxin Certified Tax Agents Group Co., Ltd.	Transfer Pricing Advisor

F. Consents of Experts

Each of the experts as referred to in “—5. Other Information—E. Qualification of Experts” in this Appendix has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

G. 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.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

H. No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since June 30, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the consolidated financial statements included in Appendix I to this document, and up to the date of this document.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.10% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to “Summary of the Articles of Association—Increase, Reduction and Repurchase of Shares—Repurchase of Shares” in Appendix V to this document.

K. Preliminary Expenses

We have not incurred any material preliminary expenses.

L. Promoters

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in “Appendix I—Accountants’ Report—[45]. Related Party Transactions.”

N. Miscellaneous

- (i) Within the two years immediately preceding the date of this document:
 - (a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;
 - (c) no commissions, discounts, [REDACTED] or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (ii) There are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (iii) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (iv) Our Company has no outstanding convertible debt securities or debentures;
- (v) There is no arrangement under which future dividends are waived or agreed to be waived;
- (vi) Save for the H Shares to be issued in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is [REDACTED] or [REDACTED] being or proposed to be sought; and
- (vii) All necessary arrangements have been made to enable the H shares to be admitted into [REDACTED] for clearing and settlement.

O. 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).

APPENDIX VII

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of each of the material contracts referred to in “Appendix VI—Statutory and General Information—2. Further Information about our Business—A. Summary of Our Material Contracts”; and
- (ii) the written consents referred to in the section headed “Appendix VI—Statutory and General Information—5. Other Information—F. Consents of Experts”.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at <https://51world.com.cn/> and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025;
- (d) the report from KPMG on the [REDACTED] financial information of our Group, the texts of which are set out in the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document;
- (e) the industry report issued by Frost & Sullivan referred to in “Industry Overview” in this document;
- (f) the PRC legal opinions issued by Zhong Lun Law Firm in respect of certain general corporate matters and property interests in China of our Group;
- (g) the report issued by Daxin Certified Tax Agents Group Co., Ltd. in respect of the transfer pricing assessment;
- (h) the material contracts referred to in “Appendix VI—Statutory and General Information—2. Further Information about our Business—A. Summary of Our Material Contracts”;
- (i) the service contracts and appointment letters referred to in “Appendix VI—Statutory and General Information—3. Further Information about our Directors and Supervisors—A. Particulars of Directors’ and Supervisors’ Service Contracts and Appointment Letters”;
- (j) the written consents referred to in “Appendix VI—Statutory and General Information—5. Other Information—F. Consents of Experts”; and
- (k) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities [REDACTED] and [REDACTED] by Domestic Companies, together with unofficial English translations thereof.