

RISK FACTORS

An [REDACTED] in our Class A Ordinary Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before deciding to [REDACTED] in our Class A Ordinary Shares. Particularly, we are a Pre-Commercial Company seeking to [REDACTED] on the Main Board of the Stock Exchange under Chapter 18C and Chapter 8A of the Listing Rules. Our operations and the global foundation model industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your [REDACTED] in our Class A Ordinary Shares.

The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the [REDACTED] of our Class A Ordinary Shares could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this Document.

RISKS RELATED TO THE COMMERCIALIZATION OF OUR PRODUCTS

We have recorded net losses, net liabilities and operating cash outflow during the Track Record Period and recorded net current liabilities as of September 30, 2025, and we may not be able to achieve or subsequently maintain profitability.

We have recorded net losses and net liabilities during the Track Record Period, and have experienced, and expect to continue to experience, cash outflow from operating activities. Our operating expenses, comprising selling and distribution expenses, administrative expenses and research and development expenses, increased from US\$14.4 million in 2022 to US\$100.4 million in 2023 and further to US\$290.4 million in 2024, primarily due to increasing investment in third-party cloud services related to training. We recorded net losses of US\$73.7 million, US\$269.2 million, US\$465.2 million, US\$304.3 million and US\$512.0 million in 2022, 2023, 2024 and nine months ended September 30, 2024 and 2025, respectively. We may continue to record net losses in the short term as we are still in the expansion stage of our business and operations in the rapidly evolving global foundation model industry, and are continuously investing in research and development activities to support our long-term growth. We anticipate that our operating expenses, net losses, net liabilities and cash outflow from operations will continue to increase in the foreseeable future as we continue to expand our

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business and operations, invest in our foundation model research and development, and carry out sales and marketing activities. If we fail to manage such increases, our business operations, results of operations, financial position and profitability would be materially adversely affected.

In addition, we may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance user experience, establish effective commercialization strategies, compete effectively and successfully and develop new products. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. Furthermore, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

The content or data that we use to train our foundation models and the content generated by our foundation models could be subject to third-party intellectual property infringement claims which may materially and adversely affect our business, financial condition and results of operations.

The model training process begins with the curation and organisation of massive volumes of available data sourced from a wide range of domains. It is possible that our training data includes third-party text, video, image, audio or other content without all required third-party consent. The legal frameworks governing the use of such data for training foundation models are still developing and subject to change. If our use of training data is found by competent jurisdictional authorities to infringe on third-party IP rights, we could be subject to costly and time-consuming litigation, be forced to pay substantial damages or licensing fees, or be required to remove the data and retrain our models, which would be a difficult and expensive undertaking.

Additionally, there is a risk that our foundation models may be capable of generating outputs that are substantially similar to existing copyrighted works, trademarks, or other protected intellectual properties. The legal standards for determining infringement by AI-generated content are not yet settled. If the output of our foundation models is deemed by competent jurisdictional authorities to infringe on a third party’s intellectual property rights, we, and the users of our AI-native products, could be held liable. Such claims could lead to legal action against us, demands for indemnification from our customers, and could damage our reputation and the perceived reliability of our products.

On September 16, 2025, a group of major U.S. movie studio companies, including Disney, Universal and Warner Bros. Discovery (the “**Plaintiffs**”), filed a civil complaint (the “**Complaint**”) in the United States District Court for the Central District of California, against our Group in relation to Hailuo AI, our visual generation platform. The Plaintiffs allege (i) direct infringement, on the basis that the Company itself, through Hailuo AI, created and displayed videos and images depicting a number of well-known film and animation characters

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owned by the Plaintiffs, and (ii) secondary infringement, under contributory and vicarious infringement doctrines, on the basis that the Company knew or should have known that users could create content depicting the Plaintiffs’ characters, and because the Company is allegedly benefiting from that use. In their prayer for relief, the Plaintiffs primarily seek, among other things, monetary relief in the form of actual or statutory damages, injunctive relief, attorneys’ fees and other equitable remedies.

The Plaintiffs have alleged in their Complaint that they are entitled to statutory damages of up to US\$150,000 per infringed work, which is the maximum amount awardable per work under U.S. copyright law and is only awarded if infringement is found to be willful. The attachments to the Complaint identify approximately 500 registrations for motion pictures and television programs that are at issue in this case. Therefore, assuming the plaintiffs prevail and fully succeed in their claims, the worst-case scenario, as alleged by the plaintiffs, would be a monetary claim of US\$75 million and injunctive relief. In the alternative, the plaintiffs have also alleged they are entitled to actual damages and disgorgement of profits. For details, see “Business — Legal Proceedings and Compliance — Copyright Infringement Lawsuit”. In the event that the Plaintiffs prevail in the Lawsuit, we could be subject to significant monetary damages, damage to our brand image, among others, which could negatively affect our business, financial condition and results of operations. Additionally, we cannot preclude the possibility that the Plaintiffs may raise additional claims against the Company, in which case the Company may be liable for further damages, legal costs, and reputational harm, which could further affect our business operations and financial positions. Furthermore, we cannot preclude the possibility that other enterprises may raise similar claims against the Company, exposing us to additional legal risks and potential liabilities.

We are aware of recent licensing arrangements among certain industry participants, including licensing arrangements between IP owners and generative AI technology companies. These licensing arrangements may reflect a broader trend toward increased collaboration between traditional IP rights holders and AI companies. While we will closely monitor industry developments and potential commercial opportunities, we may not be able to identify suitable IP rights holders for cooperation in a timely manner, or to effectively capture the benefits of such industry trends, which could adversely affect our business, results of operations and growth prospects. In addition, such cooperation may lead to more widespread use of licensing and other commercial arrangements relating to copyrighted content and generative AI technologies, and regulatory frameworks and market practices may evolve toward greater clarity and standardization. While such developments may reduce certain areas of uncertainty, they may also result in a more active IP enforcement environment. For example, holders of exclusive licenses, or future exclusive licensees of copyrighted works, may seek to assert or enforce their licensed rights against third parties, including through infringement claims, which could expose us to additional legal risks.

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We operate in a rapidly evolving and increasingly competitive global foundation model industry. Our business is subject to constant technological advancements and industry transformation. If we fail to continuously innovate and adapt to evolving customer needs, our competitive position would be impacted and our business, financial condition and results of operations may be materially and adversely affected.

We primarily compete in the global foundation model industry, which is characterized by intense competition and constant changes, including rapid technological evolution, frequent introductions of new products, continual shifts in customer demands and periodic emergence of new industry standards and practices. Our success depends, in part, on our ability to respond to such competition and changes in a cost-effective and timely manner. We need to develop expertise across different industry sectors, adapt our products for different industry verticals and constantly anticipate the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in research and development to lead technological advances in order to keep our products competitive in the market.

In particular, the foundation model industry is experiencing rapid innovation across multiple dimensions. From a technological perspective, advances include (i) new model architectures such as Mixture-of-Experts and other sparsely activated networks that improve the balance between reasoning performance and computational efficiency; (ii) extended context windows and multi-step reasoning mechanisms that enable models to understand longer documents, perform complex analytical tasks, and act as autonomous agents; (iii) multi-modal foundation models that can process and generate text, images, audio and video simultaneously, allowing for more natural and context-rich human-AI interaction; and (iv) improved pre-train and post train techniques, which enhance accuracy and allow models to be tailored to specific business uses.

At the same time, customer needs are also evolving. Users and enterprise clients are increasingly seeking: (i) powerful foundation models that integrate knowledge across multiple domains and can be efficiently augmented with their proprietary context to address sector-specific use cases; (ii) lower latency and higher cost efficiency that enable large-scale, real-time use in both consumer and enterprise applications; (iii) stronger privacy, security and data-governance features to satisfy regulatory obligations and internal controls; and (iv) AI systems with persistent memory, tool integration and autonomous task capabilities, enabling proactive, agent-like performance instead of simple one-off responses. These trends are accelerating industry transformation and driving leading participants to invest continually in model algorithm, computing infrastructure, alignment and safety features built around general-use models.

The foundation model market is expanding at an unprecedented pace, rapidly reshaping human society. According to CIC, the global foundation model market is projected to exceed US\$300 billion by 2030. IDC estimates that AI will cumulatively contribute US\$19.9 trillion to the global economy through 2030 and drive 3.5% of global GDP in 2030. While this growth presents significant opportunities, it has also attracted an increasing number of competitors,

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many of whom have access to greater technical, financial, and data resources than we do. These competitors may be able to devote more resources to model training, infrastructure, talent acquisition, and marketing, potentially limiting our ability to gain or retain market share. As AI becomes a core component of digital infrastructure, competition may intensify further, making it more difficult for us to differentiate our products, maintain pricing power, and achieve sustainable profitability.

If we are unable to deliver products that meet or exceed users’ evolving performance expectations or fail to keep pace with innovation cycles, our products may lose competitiveness, resulting in reduced pricing power, or missed commercial opportunities. As a result, our business, financial condition, and results of operations may be materially and adversely affected.

Any actual or perceived flaws or inappropriate usage of foundation model technologies committed by us or other third parties intentionally or inadvertently, could materially and adversely impact our reputation, business, financial condition, results of operations and the broader acceptance of foundation model products by society at-large.

Foundation model technologies are at early stages of development and continue to evolve. Similar to many innovations, foundation model technologies present risks and challenges, such as potential misuse by third parties for inappropriate purposes or biased applications which breach public confidence, or attract litigation or other proceedings initiated by certain individuals claiming for infringement of legitimate rights such as privacy or personality rights. Our users may generate content using our technologies or post their experience with our products online. Some of these user generated content or communication may contain illegal, obscene or incendiary contents that may result in a negative impact among other users. Such content or communications may be deemed unlawful under applicable laws and regulations, and government authorities may require us to discontinue or restrict certain features, functions, or products that would have led, or may lead, to these events or terminate contracts with responsible platform service providers. We may incur significant costs in investigating and defending ourselves for claims or penalties caused by the improperly disseminated information contained in user-generated content or communication, and our business, financial condition, results of operation and prospects may be materially and adversely affected. Even if we have customary user agreement with our users, we cannot control our users’ usage of our foundation models and AI-native products. Such misuse could affect customer perception, public opinions, views of policymakers and regulators and result in decreased adoption of foundation model technologies.

In addition, flaws or deficiencies in foundation model technologies could compromise the accuracy, reliability, integrity and thoroughness of the recommendations, forecasts or analyses generated by our products. If the recommendations, forecasts or analyses that our foundation models or our AI-native products assist in producing are inaccurate, misleading or otherwise flawed, or if our users rely on our products in inappropriate or harmful ways, we could be subjected to competitive harm, potential legal liability, and ethical or reputational harm. By “competitive harm,” we refer to negative impacts on our ability to compete effectively in the

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market, including but not limited to loss of users or customers, damage to our brand, erosion of trust, increased customer acquisition costs, and the strengthening of our competitors’ market positions. There can be no assurance that we will be able to detect and rectify such issues in a timely manner, or at all. Any flaws or inappropriate usage of foundation model technologies and related products, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects.

The competitiveness of our foundation models and offerings depends on our continuous and significant investment in research and development, and we intend to continue investing significantly in research and development. Such investment may negatively impact our profitability and operating cash flow in the short term and may not generate the results we expect to achieve.

Our technological capabilities and infrastructure are critical to our success. To maintain the competitiveness, we have made substantial investments in our research and development. Our research and development expenses increased from US\$10.6 million in 2022 to US\$70.0 million in 2023 and further to US\$189.0 million in 2024, and subsequently increased from US\$138.7 million in the nine months ended September 30, 2024 to US\$180.3 million in the nine months ended September 30, 2025, representing nil, 2,023.2%, 619.1%, 712.9% and 337.4% of our total revenues for the corresponding period. The industries in which we operate are characterized by rapid technological changes and are constant technological innovation. We need to allocate significant financial and other resources to research and development in order to enhance the functionality, performance, and competitiveness of our products. As a result, we expect that our research and development expenses will remain relatively high for the foreseeable future.

However, our expenditures on research and development may not generate corresponding benefits. We have been constantly focusing on advancing the deep integration and performance optimization of algorithms, software, and hardware, with particular emphasis on usability, scalability, and alignment with evolving industry standards and user needs. However, there is no guarantee that all of our efforts on research and development can yield anticipated benefits. Research and development activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources, including qualified research and development personnel. It is possible that our research and development efforts may ultimately prove unsuccessful. Even if we succeed in our research and development efforts and achieve the results we expect, such results may not materialize within the expected timeframe, and we may still encounter practical difficulties in commercializing our research and development results. In addition, even successfully developed products may not achieve market acceptance to the extent we anticipate. Moreover, given the rapid pace of innovation in the global foundation model industry, new technological developments could render our current or future technologies obsolete or less competitive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenues, profitability and market share.

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We have a limited operating history, which makes it difficult to forecast our future business prospects and results of operations.

We have a limited operating history, and we only commenced the development of models across multiple modalities in 2022. As a result, and particularly in light of the rapidly evolving nature of the global foundation model industry, it may make it difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

In addition, our growth prospects should be considered in light of the risks and uncertainties that fast-growing companies with a limited operating history may encounter, including, among others, risks and uncertainties regarding our ability to:

- maintain and upgrade our AI architecture;
- upgrade our foundation model products and develop new technologies;
- further commercialize our foundation model products;
- retain existing users and attract new users to purchase our products;
- expand into new industry verticals and launch new products;
- further expand into international markets;
- increase brand awareness through marketing and promotional activities;
- successfully compete with other companies that are currently in, or may in the future enter, the industries and verticals we have entered;
- attract, retain and motivate talented employees, including research and development talents as well as staff with in-depth industry know-how;
- adapt to evolving regulatory environment; and
- defend ourselves against litigation, regulatory, intellectual property, privacy, data protection or other claims.

All of these initiatives involve inherent risks and will require significant research and development expenses, operating expenses and allocation of valuable management and employee resources. We cannot assure you that we will be able to effectively manage the expansion or growth of our operations and workforce or implement our business strategies effectively. If the markets for our products fail to develop as anticipated, or if we are unable to address the evolving needs of this dynamic market, our business, results of operations and financial condition may be materially and adversely affected.

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As we continue to grow, we may not be able to effectively manage our growth and expand our operations, which could negatively impact our operation performance growth, financial condition, results of operations, and reputation.

We have experienced rapid growth in recent years. Driven by our monetization strategy, our revenues increased from nil in 2022 to US\$3.5 million in 2023, and further to US\$30.5 million in 2024, and subsequently increased from US\$19.5 million in the nine months ended September 30, 2024 to US\$53.4 million in the nine months ended September 30, 2025. We plan to further expand our business by, among other things, continuing to invest in technology, enhancing our brand recognition, and scaling our products globally. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking this expansion include, among others:

- managing a larger organization with a greater number of employees across different divisions and geographic locations;
- managing our supply chain to support rapid business growth;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding research and development, sales and service facilities;
- implementing and enhancing administrative structure systems and processes;
- executing our strategies and business initiatives successfully;
- our ability to secure services from third parties who procure specialized hardware and software, that we rely on to establish the technology infrastructure supporting our foundation model products;
- improving our operational, financial and management controls, compliance programs and reporting systems; and
- addressing new markets and potentially unforeseen challenges as they arise.

If we fail to efficiently manage our business expansion, our costs and expenses may increase faster than anticipated, and we may not be able to respond promptly to competitive challenges or otherwise execute our business strategies successfully. Our growth requires significant financial resources and will place significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects, and results of operations could be negatively impacted.

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We may not be able to sustain our historical growth rates, and our historical growth may not be indicative of our future growth or financial results.

We have achieved rapid growth during the Track Record Period. Our total revenue increased from nil in 2022 to US\$3.5 million in 2023, and further by 782.2% to US\$30.5 million in 2024. We recorded total revenue of US\$53.4 million in the nine months ended September 30, 2025, compared with US\$19.5 million during the same period in 2024. However, there is no assurance that we will be able to sustain our historical growth rates in future periods. Our growth rates may decline for a number of reasons, including macroeconomic conditions, technology development in the global foundation model industry, availability of AI talents, increasing enterprise awareness to adopt foundation model products, our continued investment in technological innovation, and our ability to attract and retain our users. We cannot assure you that we will be able to effectively manage our growth or implement our business strategies. If the market for our products does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations and financial condition will be materially and adversely affected.

If our expansion or attempts to develop new products is not successful, our business, prospects and growth momentum may be materially and adversely affected.

Leveraging our foundation model technologies as well as software and hardware integration capabilities, we are able to provide foundation model-empowered products designed to address diversified needs of our users across different verticals. We have a track record of successfully developing new products. We cannot assure you, however, that we will be able to maintain this growth momentum in the future. Expanding offering categories into new business areas involves new risks and challenges. Our lack of familiarity with new verticals may make it more difficult for us to keep pace with evolving customer demands and preferences. In addition, there may be one or more existing market leaders in any vertical 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 users. We will need to comply with new laws and regulations applicable to these businesses. Expansion into any new vertical and development of new products may place significant strain on our management and resources and incur substantial research and development and other costs and expenses before generating any revenues, and failure to expand successfully could have a material adverse effect on our business and prospects. We may also experience downward pressure on our operating margin as a result of such business expansion of our business into new areas, which may have margins much lower than that of our existing business lines. Our operating margin may also be negatively impacted from a greater proportion of revenue contributed by new business areas, which may grow faster than our existing business lines.

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We have limited experience in the commercialization of our products.

We have relatively limited experience in launching, commercializing, as well as the sales and marketing of our products. For example, we have limited experience in building a commercial team, conducting comprehensive market analysis, or managing the sales force for our products and services. Therefore, our ability to successfully commercialize our products may involve more inherent risks, take longer, and cost more than it would if we were a company with more experience in sales and marketing. In particular, the commercialization of new products requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified and professional employees in our commercialization team who have, among other things, adequate industry knowledge to communicate effectively with industry professionals, sufficient experience in sales and marketing of our foundation model products, and strong connections within the industry as well as with academic and research institutions. Furthermore, along with our market expansion after the commercialization of our products and services, we expect to hire more employees with relevant industry experience and knowledge to strengthen our sales and marketing workforce. However, competition for experienced sales and marketing personnel is intense. In certain emerging industries that rely significantly on AI, many players with sufficient funds would heavily devote their resources to compete for talents with us. If we are unable to attract, motivate and retain a sufficient number of qualified sales and marketing personnel to support our business, the commercialization of our products may be adversely affected. Our business, results of operations, and prospects may also be adversely affected if our investment and efforts to expand our sales force do not generate a corresponding increase in revenue.

The size of our addressable markets and the demand for our products may not increase as rapidly as we anticipate due to a variety of factors. If the market for our products fails to grow as we expect, or if our users or potential users fail to adopt our products, our business, results of operations and financial condition could be adversely affected.

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 our key products. See “— Risks Related to the Commercialization of Our Products — We operate in a rapidly evolving and increasingly competitive global foundation model industry. Our business is subject to constant technological advancements and industry transformation. If we fail to continuously innovate and adapt to evolving customer needs, our competitive position would be impacted and our business, financial condition and results of operations may be materially and adversely affected.”

In particular, our business growth relies on our ability to identify and adapt to the needs of our users and develop products that meet their demands. Our ability to retain existing users, attract new users, and increase revenue from both new and existing users will depend on a number of factors. Such growth also depends, to a large extent, on our ability to provide products that meet our users’ requirements, including more advanced products that address the evolving needs of our users at competitive prices, the strength of our technology, and our ability to continue improving and enhancing the functionality, performance, reliability, design,

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security and adaptability of our products. To the extent we are not able to provide products that meet our users’ requirement, or we are not able to improve and enhance the functionality, performance, reliability, design, security, adaptability and scalability of our products in a manner that responds to our users’ evolving needs, our existing users may not spend more on our products, and we may not be able to attract new users, under which circumstances our business, financial condition, results of operations and prospects may be materially and adversely affected.

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 may not compete as effectively, if at all. Given the evolving nature of the markets in which we operate, it is difficult to predict customer demand or adoption rates for our products or the future growth of the markets in which we operate. Even if the global foundation model market grow substantially, there is no guarantee that demand for our products will correlate with that growth if we fail to effectively pursue such opportunities. There is also no guarantee that our business will be successful simply because of the future addressable markets of our products, or because of the trends of the addressable markets of our products. If demand does not develop or if we cannot accurately forecast customer demand, then the size of our markets, our future business, results of operations and financial condition would be materially and adversely affected.

In addition, evolving market conditions and changes in customer expectations may impact our pricing models and further affect demand for our products. As the market for our products grows, as our competitors introduce new products that compete with ours or reduce their prices, or as we enter into new verticals or international markets, we may be unable to attract new users or retain existing users based on our historical pricing models. Given our limited operating history and limited experience with our historical pricing models, we may not be able to accurately predict customer demands. In addition, regardless of the pricing model used, certain users may demand higher price discounts. As a result, we may be required to reduce our prices or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

Furthermore, our prices vary across our products. Our products have different margin profiles, which vary between products depending on the amount, number and type of components that we deliver. If we adjust our business mix or fail to maintain our gross margin and operating margin for our products, our business, results of operations and financial condition would be adversely affected.

The execution of our growth strategies will also require substantial capital investment and resource allocation. In particular, we may fund some of our expansion plans through our internal financial resources, and may also seek external equity or debt financings to implement them. If we seek debt financings for such plans, we may incur interest costs, which may affect our profit. In addition, we may not be able to manage our current or future operations effectively and efficiently to compete successfully in our existing markets or the new markets that we enter. We may also need to adjust our business plans and growth strategies from time

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to time, which could involve uncertainties. If our business plans and growth strategies fail to perform as expected, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to retain existing users or attract new users, our business, financial condition and results of operations will suffer.

As of September 30, 2025, our AI-native products had collectively served over 200 million cumulative users and more than 100 thousand enterprises and developers across more than 200 countries and regions. We expect to continue to maintain business relationships with these existing users by not only providing existing products but also exploring their evolving needs to develop and promote new products. We also intend to further grow our business by attracting new users and expanding our global footprint. As a result, retaining our existing users and engaging new users are critical to our future operating results. Factors that may affect our ability to retain and promote additional products to our developers and enterprise customers include:

- the demand of our users for products;
- the price, performance, and functionality of our products;
- the availability, price, performance, and functionality of competing products;
- the stability, performance, and security of our technological infrastructure;
- our ability to develop complementary products, applications and platforms that are tailored to our users’ needs;
- the effectiveness of our products;
- the success of our upgraded products or technologies;
- the financial performance, the budget of the research and development activities and the overall business environment of our company; and
- the overall business environment of the industry.

In addition, we deliver certain products on a subscription basis. As a result, our future revenue depends in part on our ability to retain existing users and encourage renewals of subscriptions, which is in turn dependent on our ability to scale and adapt our products to meet our users’ evolving needs. Factors that are not within our control may result in a reduction in our revenue or profitability. The cancellation of subscriptions to our products could materially and adversely affect our business, financial condition and results of operations.

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RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We may be unable to successfully expand our user base globally, and the expansion of our international operations may expose us to additional regulatory, economic and political risks, the failure to handle which may adversely affect our business, financial condition and results of operations.

We aim to expand our user base globally. However, we may not succeed in this endeavor and our success will depend on our ability to provide foundation model products that meet the diverse needs of users across different regions. For example, given the high regulatory and market access challenges in specific markets, we may not actively explore these markets in the short term, which could limit our ability to successfully achieve this objective. In addition, we operate in a highly competitive industry, and we cannot assure you that the pace of our growth will meet expectations. Our expansion strategy also requires significant cash investments and management resources and there is no guarantee that our business can generate additional sales of our products to support our expansion. As we expand, we will face risks in doing business internationally that could adversely affect our business, including:

- the difficulty of managing and staffing international operations and the increased operations, travel, and network costs associated with numerous international locations;
- challenges of gaining acceptance for our products by users in different markets;
- our ability to effectively price our products in competitive international markets;
- global or regional health crises;
- tariffs and other non-tariff trade barriers, such as quotas and local content rules;
- the complexities of complying with current and future export control and economic sanctions administered by the U.S. Department of Commerce’s Bureau of Industry and Security, the U.S. Department of the Treasury’s (“Treasury”) Office of Foreign Assets Control and other relevant authorities;
- protectionist or national security policies that restrict our ability to develop, import or export certain technologies or limit our ability to raise capital; and
- more limited protection for intellectual property rights in some countries.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, operating results and financial condition.

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AI technologies carry certain inherent safety risks, which may adversely affect our business and reputation.

AI technologies carry certain inherent risks and challenges that may adversely affect public perception of our business. 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-native products, may impair the general acceptance of AI-native products by the society, attract negative publicity and adversely impact our reputation. Specific risks relating to AI technologies may include, among others: (i) fraudulent activity, such as the creation of convincing fake images, videos, and text that can be used to create deepfakes, impersonations, and forged documents for fraudulent purposes; (ii) misinformation and disinformation, such as the generation of realistic and convincing synthetic media that could be used to spread misinformation and disinformation; (iii) privacy concerns, such as the creation of synthetic identities or manipulation of personal data, which may raise privacy concerns; (iv) cybersecurity threats, such as the creation of sophisticated phishing attacks or bypass of security measures, which may increase the risk of cyberattacks and data breaches; and (v) safety and alignment challenges, particularly as AI systems become more advanced and capable.

Adverse user behaviours and misuse of AI-native products may also cause, or be alleged to cause, harm to users or third parties, including by promoting or facilitating self-harm, suicide or other violent conduct, or by creating undue emotional dependence, particularly among minors or other vulnerable persons. In this regard, certain AI companies have been sued in connection with allegations that their chatbot products contributed to users’ self-harm or suicide.

In addition, adverse user behaviours may result in heightened scrutiny by platform operators and other regulators, and could lead to enforcement actions such as takedowns, suspensions, distribution restrictions, age-gating requirements or other remedial measures that may materially reduce user acquisition, engagement and monetisation. For the temporary removal of the Talkie app from Apple’s App Store, please refer to “Risk Factors – Any restriction on access to major distribution channels, such as the iOS App Store, Google Play or the Internet, or any failure to maintain stable relationships with such channels, could materially and adversely affect our user growth and business performance”.

If similar incidents were to occur in relation to our products or services, we could be subject to significant legal and regulatory exposure (including civil claims alleging negligence, wrongful death, product liability, failure-to-warn or consumer-protection violations), as well as other enforcement actions, product changes or usage restrictions. Even if such claims are ultimately unsuccessful, defending against them could be costly and time-consuming, could divert management attention, could require increased spending on safety, compliance and customer support, and could cause reputational harm, any of which could materially and adversely affect our business, operations and financial performance.

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We may face significant challenges in ensuring that our AI-native products behave in a manner that is safe, reliable, and aligned with human values. As AI models grow more complex, there is an inherent risk that they may exhibit unintended behaviors, pursue goals misaligned with user or societal interests, or fail to perform as expected in high-stakes or novel situations. For example, advanced AI systems could develop emergent capabilities, such as strategic planning or deception, that were not anticipated during their development. Additionally, the rapid pace of AI progress may exacerbate safety risks, as competitive pressures or the deployment of untrustworthy AI systems by third parties could lead to harmful outcomes. If we are unable to address these safety challenges effectively, any real or perceived failures in the safety or alignment of our AI systems could result in reputational damage, regulatory scrutiny and a loss of user trust, all of which could materially and adversely affect our business, operations, and financial performance.

In addition to these safety-related concerns, we are subject to a complex and evolving regulatory landscape governing internet content. Applicable government and regulatory authorities have adopted regulations governing content contained within videos, audios, images and other information over the internet. Under these regulations, internet content providers are prohibited from posting or displaying content that, among other things, violates applicable laws and regulations, impairs the national dignity of certain countries or the public interest, or is obscene, superstitious, fraudulent, violent or defamatory on the internet. Internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as illegal or inappropriate.

We allow our users to produce content using our AI-native products and generate outputs via our foundation models. These outputs may include various forms of media such as text, video, audio, and image, some of which may feature our proprietary watermarks. We implement measures to identify and restrict content that may be prohibited under applicable government regulations. However, we cannot guarantee that all generated content will be identified or restricted in a timely manner, or that it will fully comply with all relevant laws and regulations.

If we are unable to protect or promote our brand and reputation, our business may be materially adversely affected. Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, users, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business and products. The successful promotion of our brand depends on our ability to achieve widespread acceptance of our products, attract and retain users, maintain our current market share, and successfully differentiate our products from those of our competitors.

Achieving these goals require substantial expenditures, and we anticipate expenses to increase as we expand into new markets. In addition to marketing and advertising costs, we may need to invest in customer support, public relations, community engagement, and compliance mechanisms to reinforce positive brand perception. However, there is no assurance that these investments will result in increased revenue, or that any revenue growth will be sufficient to offset the associated expenses.

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Moreover, even isolated incidents, such as unintended outputs generated by our foundation models, miscommunication by company representatives, or negative feedback from influential users or media, can quickly escalate online and undermine years of brand-building efforts. Damage to our brand or reputation could lead to user attrition, reduced pricing power, increased customer acquisition costs, or reluctance from potential partners and investors to engage with us. Any of these factors could materially and adversely affect our business, financial condition, results of operations and growth prospects.

The technology infrastructure we relied on and our products may experience system failures, interruptions, security breaches, cyberattacks, or other technical inadequacies. Our brand, reputation, business, financial conditions or results of operations may be materially and adversely affected if we fail to effectively identify and rectify these problems in a timely manner.

The technology infrastructure we relied on and products may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. The technology infrastructure we relied on may also be vulnerable to damage or interruption caused by security breaches, cyberattacks, human error or other technical inadequacies. The occurrence of unanticipated problems that affect the technology infrastructure we relied on could result in interruptions in the availability of our products. It may be difficult for us to respond to such interruptions in a timely manner, or at all. Such interruptions may affect the ability of users to use our products, which would damage our reputation, reduce our future revenues, harm our future profits, subject us to regulatory scrutiny and lead our users to seek alternative products.

It is possible that our security controls and other security practices we follow may not prevent the improper access to or disclosure of personal data or proprietary information. We also rely on systems provided by third parties, which may also suffer security breaches or unauthorized access to or disclosure of personal data or proprietary information. Additionally, our business involves the processing, storage, transmission and processing of confidential and user data, including user data, and the deployment of our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. Any data security incidents, including internal malfeasance by our employees, unauthorized access or usage, virus or similar breach or disruption of us or our service providers could result in loss of confidential or proprietary information or personal data, damage to our reputation, loss of users, litigation, regulatory investigations, fines, penalties and other liabilities. Accordingly, if our cybersecurity measures or those of our users fail to protect against unauthorized access, attacks (which may include sophisticated cyber-attacks), the compromise or mishandling of data, or other misconduct or malfeasance, including by computer hackers, employees, contractors, vendors, users and business partners, as well as software bugs, human error or technical malfunctions, then our reputation, business, operating results and financial condition could be adversely affected.

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Furthermore, the technology infrastructure we relied on is also vulnerable to damages from fires, floods, earthquakes and other natural disasters, power loss and telecommunications failures. Any network interruption or inadequacy that causes interruptions to our operations, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our user satisfaction, which in turn could adversely affect our reputation, business and financial condition.

Flaws in our foundation model products, including programming errors or defects in our models, whether real or perceived, could adversely affect our user experience and market acceptance of our products, which may materially and adversely affect our reputation, business and results of operations.

The technology underlying our AI-native products is inherently complex and may contain material defects or errors, particularly when new products are first introduced, when new features or capabilities are released or when integrated with new or updated third-party hardware or software. Our foundation model products are subject to frequent updates, and may contain bugs or flaws that can only become apparent when the updates are accessed by a number of users, especially when we launch updates under a tight schedule. We have from time to time received user feedback pertaining to programming errors. We cannot assure you that we will be able to detect and resolve all these programming errors effectively and in a timely manner. Any real or perceived programming errors or defects may adversely affect user experience, cause users to refrain from subscribing for our products, or cause our enterprise customers to reduce their use of our products, result in negative publicity and performance issues, any of which could materially and adversely affect our business and results of operations. Correcting such defects or errors may be costly and time consuming. Moreover, the harm to our reputation and legal liability related to such real or perceived defects or errors may be substantial and would harm our business.

We make certain of our models and products available on an open-source basis and may use open-source technology, which may pose particular risks to our business.

We strongly believe in open-source collaboration and we make certain of our models and products available on an open-source basis. By opening our technologies, we allow third parties, including competitors, to access, use, modify, or redistribute them, which could limit our ability to commercialize those technologies or differentiate ourselves in the marketplace. Specifically, our competitors may develop their own products using our open-source technology to compete with us, potentially reducing the demand for our products.

In addition, we may from time to time, use open-source technology in certain of our operations and expect to continue using certain open-source technology in the future. There remains a risk that third parties may assert claims of ownership or seek to enforce the terms of open-source licenses. Such claims may include demands for the release of open-source components, derivative works, or even our proprietary source code developed using open-source technology. These claims could lead to litigation and divert management attention and resources. Moreover, the terms of many open-source licenses have not been interpreted by

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courts, creating a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrict our ability to commercialize our products. In such an event, we may be required to seek licenses from third parties to continue commercially offering our products, to make our proprietary code generally available in source code form, to re-engineer our products or to discontinue the sale of our products if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business, financial condition and results of operations.

Any restriction on access to major distribution channels, such as the iOS App Store, Google Play or the Internet, or any failure to maintain stable relationships with such channels, could materially and adversely affect our user growth and business performance.

Users of some of our products need to access the Internet and major app distribution channels such as Apple’s App Store, Google Play, and other well-known app stores, to download certain of our AI-native products. Any disruption, restriction, suspension, or removal of our mobile apps from these third-party distribution channels, or any changes to their terms, review policies, or technical requirements, could materially impact our ability to acquire users and deliver our products. For example, in December 2024, a prior version of our Talkie app was temporarily removed from Apple’s App Store in certain jurisdictions for a period of approximately two months. To the best of our knowledge, such temporary removal of the Talkie app from Apple’s App Store was not due to any product default or illegality, and Apple did not specify the reasons for such removal. As a result, from mid-December 2024 to the mid-February 2025, such prior version of Talkie app could not be downloaded from the Apple’s App Store in certain jurisdictions, and the average daily downloads of Talkie app decreased by approximately 16.8 thousand compared with its average level prior to such removal. During such period, we made certain adjustments to the product features of our Talkie app to enhance its risk management and user experience. Since mid-February 2025, the updated Talkie app has been made available for download on Apple’s App Store. If any of our current or future mobile apps are restricted, removed or otherwise disrupted in their access to these distribution channels — whether due to technical issues, platform concerns, evolving content standards, geopolitical sensitivities, or other factors — we may face reputational harm, reduced user growth, and our financial condition and results of operations may be materially and adversely affected.

Moreover, laws and regulations or government authorities may block or limit the access to the Internet generally or these distribution channels for reasons of security, confidentiality, data privacy or other concerns, and there is no assurance that we will be able to maintain stable relationships with these distribution channels. Any restriction on access to the Internet in general or these distribution channels or the failure to maintain relationship with these distribution channels could result in the loss of existing users, slower user growth, or increased distribution and customer acquisition costs. In case an important distribution channel is inaccessible, we will resort to other distribution channels available to us. That said, our business, results of operations and prospects may be materially and adversely affected by limited access to distribution channels.

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Our success depends on the continued contributions of our senior management and key employees. Failure to attract, recruit, retain, and motivate such qualified personnel could materially and adversely affect our business and growth prospects.

The business of the Company is highly dependent on certain individuals whose leadership, vision, and technical expertise are not readily replaceable. The market for high-caliber workers and leaders in our industry is extremely competitive. To execute our business strategies successfully, we must attract, retain and motivate our senior management and key employees. In particular, hiring qualified executives, scientists, engineers, technical staff and research and development personnel is costly and critical to our business. Competition for personnel results in increased costs in the form of cash and stock-based compensation. Nonetheless, we must recruit and develop diverse qualified personnel to remain competitive in our industry. If one or more of our key employees, including senior executives or core technical personnel, were to depart unexpectedly, such departures could disrupt our operations, delay product development or strategic initiatives, and result in the loss of valuable institutional knowledge. Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution. If we are less successful in our recruiting efforts, or if we cannot retain key employees or their knowledge, our ability to develop and deliver successful products may be adversely affected. Such events may also lead to reputational harm, decreased employee morale, and potential reluctance from customers or partners to continue existing or prospective engagements.

The interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our workforce needs. Changes in immigration and work permit laws and regulations or the administration or interpretation of such laws or regulations could impair our ability to attract and retain highly qualified employees. If we do not continue to anticipate and address the needs of our employees sufficiently and/or in a timely manner, their productivity could be impacted, or we could fail to retain them, which could have a material adverse impact on our future business operations, results of operations and financial condition.

We face risks related to changes in global and regional macroeconomic conditions, geopolitical tensions, regional conflicts, terrorist activities, natural disasters, health epidemics and other outbreaks of contagious diseases, and other force majeure events, any of which could materially and adversely affect our business operations, financial condition, results of operations and prospects.

Uncertainties about global economic conditions, regulatory changes, geopolitical tensions and other factors, including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. A deteriorating global economic outlook could result in a slowdown in business investment, tighter budget allocations for technology spending, and greater pricing sensitivity among customers, which may in turn reduce the market adoption of our products and services.

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The escalated Palestinian-Israeli conflict, the conflict in Ukraine and the imposition of broad economic sanctions on Russia have disrupted global supply chains and triggered uncertainty across financial markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase volatility and risk aversion in global capital markets. In addition, the evolving trade relationships between China and other countries — particularly regarding tariffs, treaties, and government regulations — may have profound implications on cross-border business activities, cost structures, and our ability to access certain markets. Such developments may affect the macroeconomic environment, both domestically and internationally, and could have a direct or indirect impact on the markets in which we operate.

Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit have been affecting, and will continue to affect the countries where we operate. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies.

There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine and Syria. The slow economic recoveries around the world and the high inflation, high interest environment have contributed to higher global volatility. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs resulting in tightened global financial conditions and fears of a recession. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. It remains unclear whether these challenges and uncertainties will be resolved in the near future, and their potential long-term effects on the global political and economic landscape remain difficult to predict. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

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We are subject to the risks associated with international trade policies, geopolitics and trade protection measures. Changes in international relationships, trade and investment policies, trade protection and investment restriction measures may adversely impact our business, financial condition and results of operations.

Our operations may be negatively affected by trade policies, geopolitics and other trade protection measures administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. Margins on sales of our products in certain countries could be materially and adversely affected by international trade regulations, including duties, tariffs and antidumping penalties. In addition to trade policy measures, the United States and certain other governments have imposed and may adopt additional sanctions, export controls and other regulatory measures that directly or indirectly affect technology companies based in certain jurisdictions. Due to the global presence of our business, we are potentially impacted by changes in international trade and investment policies, escalations of tensions in international relations, and increased scrutiny from regulatory authorities, particularly given recent trade negotiations between the United States and China, which has resulted in and may continue to cause changes in international trade policies and additional barriers to trade. Such regulatory measures are complex and subject to frequent changes, and the interpretation and enforcement of the relevant regulations may change from time to time, which may be driven by political and/or other factors that are not within our control or that are heightened by national security and foreign policy concerns.

For instance, in recent years, the United States has expanded sanctions and export control restrictions on China through the EAR, administered by BIS. These regulations are designed, in part, to restrict the access by Chinese companies to sensitive U.S. technologies, particularly in industries like telecommunications, artificial intelligence, and semiconductors. In recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security of the United States Department of Commerce (the “BIS”). For instance, in October 2022, BIS issued an interim final rule (the “BIS October 2022 IFR”) requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is “knowledge” that the item is destined for end use in the development or production of ICs at a fab in China that fabricates ICs meeting certain criteria. On December 2, 2024, BIS issued an interim final rule (the “BIS December 2024 IFR”) and a final rule (the “BIS December 2024 FR”), which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. Separately, BIS issued the so-called “Affiliate Rule” that expanded the scope of the Entity List and Military End-User List to include entities owned 50 percent or more directly or indirectly, individually or in the aggregate, by one or more listed parties. The U.S. Government has indicated that implementation of the Affiliate Rule will be delayed for at least one year (i.e., until November 2026). These recent measures together with the U.S. export control regime regulate the export, reexport and transfer of U.S. products, software, and technology, including certain items manufactured outside the United States that contain greater

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than *de minimis* controlled U.S. content or are the foreign direct product of certain U.S. software or technology. Export licenses may be required depending on the nature of the items, destination, end-use, end-user and other parties to the relevant transactions.

Our AI products were developed by us without direct using material U.S. software or technology, or incorporating material components procured from U.S. suppliers. We engage certain U.S. service providers in our ordinary course of business to support the operations of our international business. The services provided by such U.S. service providers could generally be replaced by suppliers in other jurisdictions around the world, at comparable quality and price, and we therefore believe that our R&D activities and operations are not reliant on technology or raw materials of U.S.-origin to any material extent. However, if any uncertainties in U.S.-China relationship or any resulted disruption to our supply chains will make it necessary for us to make such transition, such transition may take time to complete, and cause certain delays or disruptions to our ordinary course of business, and may therefore adversely affect our business, results of operations and financial conditions.

In addition to disrupting our supply chain in the U.S., export controls could also adversely impact the ability of our technology vendors in China to procure certain hardware or related services for their provision of services to us, which may have a material adverse impact on our operations. In the future, as similar or more expansive restrictions may be imposed by different jurisdictions, we will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners’ abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our users and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

As advised by our international sanctions legal advisor, during the Track Record Period and up to the Latest Practicable Date, our Group has not been subject to sanctions, and we have not engaged in any material activities in comprehensively sanction countries, or entered into material service contract with any customers that are targets of U.S. sanctions. Therefore, as advised by our international sanctions legal advisor, we have been in compliance with rule and laws in US export control and sanctions in all material aspects, and U.S. sanctions are not likely to have any material adverse impact on us.

Our business operations is impacted not only by rules and laws related to export control, but also by changes in regulations governing cross-border investment policies. Changes in international investment policies, particularly with regard to China, could materially and adversely impact our business and operating results. In particular, in January 2025, a U.S. rule went into effect that prohibits or requires the submission of notifications in connection with U.S. outbound investment in Chinese-affiliated companies engaged in certain activities involving specified sensitive technologies sectors (artificial intelligence (“AI”), semiconductors and microelectronics, and quantum information technologies) and issued a broadly worded “America First Trade Policy” and an “America First Investment Policy” that

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seek to further restrict U.S. investments involving China (including possibly expanding technologies subject to the U.S. outbound investment regime and narrowing related exceptions (including those related to publicly traded securities)). In addition, effective on January 2, 2025, the final rule issued by the U.S. Department of the Treasury to implement the executive order of August 9, 2023 (the “Final Rule”) imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) AI systems. The Final Rule could limit our ability to raise capital or contingent equity capital from U.S. investors after this [REDACTED] given that relevant laws, regulations, and policies continue to evolve. See “— We are subject to the risks associated with sanctions and export controls laws and regulations, and developing domestic and foreign laws and regulations on AI and related technologies, and our business, financial condition and results of operations could be materially and adversely affected.”

We are closely monitoring potential changes in tariff policy and assessing the potential impact of such policy changes on our business operations and financial performance. For example, recently, the United States proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China responded with retaliatory tariffs. Since February 2025, both countries raised reciprocal tariffs on each other’s imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. These policies have adversely affected the global economy and financial markets. On August 12, 2025, both the U.S. and China announced the extension of these tariff measures for another 90 days. On October 30, 2025, the United States announced it would further reduce tariffs by 10% but otherwise the tariffs by China and the United States remains in place. As advised by our international sanctions legal advisor, U.S. import tariffs only apply of export of physical goods to the United States. On such basis, it is of the view of our Directors that, given that we do not export physical goods to the United States, U.S. tariffs are unlikely to have a material adverse impact on our business operations and financial performance. As relevant policies are rapidly evolving, it may be difficult to evaluate these tariff measures’ potential future impacts.

Geopolitical conflicts may also lead to volatility in financial markets, fluctuations in currency exchange rates, increased procurement costs and declines in [REDACTED] of our Class A Ordinary Shares. In extreme cases, such conflicts could result in economic downturns that materially and adversely impact our operations. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term and the ability of Chinese companies to raise capital from U.S. investors.

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We collaborate with third-party online payment channels for payment collection. Any interruption of their services or unintended leakage of confidential information may materially and adversely affect our reputation and business.

We collaborate with major third-party payment channels to facilitate and collect users’ payment for subscriptions and in-app purchases. We are subject to various risks and uncertainties associated with these third-party online payment channels. Any interruption in their payment services could adversely affect our payment collection, and in turn, our revenue.

In all online payment transactions through third-party payment channels, secured transmission of users’ confidential information over public networks is essential for maintaining user confidence. We do not have control over the security measures of the third-party payment channels, and their security measures may not be adequate at present or may not be adequate with the expected increased usage of online payment systems. We could be exposed to litigation and potential liabilities if we fail to safeguard users’ confidential information, which could harm our reputation and our ability to retain or attract users and may have a material and adverse effect on our business.

Furthermore, our payment channels are subject to various laws and regulations regulating electronic funds transfers and virtual currencies, which could change or be reinterpreted in a way that will adversely affect their compliance. If our payment channels experience any non-compliance incidents, they may be subject to fines and even lose their ability to accept online payments from our users, which in turn would materially and adversely affect our ability to monetize our user base. In addition, if we or the third-party payment channels experienced any investigations or litigations arising from any non-compliance incidents, the assets maintained at these third-party payment channels could be frozen, seized or even forfeited, which would materially and adversely affect our business and financial conditions.

We allow our users to supply content through certain of our products to receive AI-generated outputs. If users have not obtained all necessary copyright licenses in connection with such inputted content, we may be subject to potential disputes and liabilities.

We allow users to input content for the purpose of obtaining AI-generated outputs on certain of our products, which may expose us to potential disputes and liabilities in connection with third-party copyright. When users register on our platform, they agree to our standard agreement, under which they agree not to disseminate any content infringing on third-party copyright. Given the amount of user-supplied contents, the way they were inputted by users and the passage of time since they were initially inputted, it is generally impracticable for us to accurately identify and verify the individual users that inputted or provided such content, the copyright status of such content, and the appropriate copyright owners from whom copyright licenses should have been obtained.

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Applicable laws and regulations and certain other jurisdiction, online service providers, which provide storage space for users to supply works or links to other services or content, may be held liable for copyright infringement under various circumstances. For example, according to our PRC Legal Advisor, we and our PRC operations are subject to the following PRC laws and regulations:

- According to the Civil Code of the People’s Republic of China (中華人民共和國民法典), the network service provider shall bear joint and several liability with the network user for the expanded part of the damage if it fails to take timely necessary measures after receiving the notice from the right holder. Where a network service provider knows or should know that a network user is infringing upon the civil rights and interests of others by using its network services but fails to take necessary measures, it shall bear joint and several liability with such network user.
- According to the Provisions by the Supreme People’s Court on Several Issues Concerning the Application of Law in Hearing Civil Dispute Cases Involving Infringement of the Right of Communication to the Public on Information Networks (最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定), if a network service provider knows or should know that a network user is infringing upon the right to disseminate information through information networks by using its network services, but fails to take necessary measures such as deletion, blocking, or disconnection of links, or provides technical support or other assistance, the people’s court shall determine that it constitutes an act of contributory infringement.
- Pursuant to the Interim Measures for the Administration of Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法), the provision and use of generative artificial intelligence services shall abide by the following provisions: (i) Respect intellectual property rights and business ethics, keep trade secrets; (ii) Respect the legitimate rights and interests of others, shall not endanger others’ physical and mental health, or infringe upon others’ rights to portrait, reputation, honor, privacy, or personal information.
 - Providers of generative artificial intelligence services (the “**Providers**”) shall carry out training data processing activities such as pre-training and optimization training in accordance with the law, and comply with the following provisions: (i) Use data and basic models with legal sources; (ii) Where intellectual property rights are involved, shall not infringe upon the intellectual property rights legally enjoyed by others; (iii) Where personal information is involved, shall obtain the individual’s consent or meet other circumstances prescribed by laws and administrative regulations; (iv) Take effective measures to improve the quality of training data and enhance the authenticity, accuracy, objectivity, and diversity of training data; (v) Other relevant provisions of laws and administrative regulations such as the Cybersecurity Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, and the Personal Information Protection Law of the People’s Republic of China, as well as relevant regulatory requirements of competent authorities.

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- Providers shall assume the responsibilities of network information content producers in accordance with the law and fulfill obligations related to network information security. Where personal information is involved, they shall assume the responsibilities of personal information processors in accordance with the law and fulfill obligations for personal information protection.
- Furthermore, providers shall establish and improve complaint and report mechanisms, set up convenient complaint and report portals, publicize processing procedures and feedback time limits, promptly accept and handle public complaints and reports, and feedback the handling results.
- According to the Copyright Law of the PRC (中華人民共和國著作權法), anyone who commits any of the infringing acts such as using another person’s work without paying remuneration as required shall, or other acts of infringing copyright depending on the circumstances, bear civil liabilities such as ceasing the infringement, eliminating the effects, making an apology, or compensating for losses.
- According to the Provisions by the Supreme People’s Court on Several Issues Concerning the Application of Law in Hearing Civil Dispute Cases Involving Infringement of the Right of Communication to the Public on Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) issued by Supreme People’s Court and became effective on January 1, 2021, if a network service provider knows or should know that a network user is infringing upon the right to disseminate information through information networks by using its network services, but fails to take necessary measures such as deletion, blocking, or disconnection of links, or provides technical support or other assistance, the people’s court shall determine that it constitutes an act of contributory infringement.

See “Regulatory Overview — Laws and Regulations in the PRC — Government Policies on Artificial Intelligence” and “Regulatory Overview — Laws and Regulations in the PRC — Regulations Relating to Intellectual Property” for details.

We may not be effective in preventing the unauthorized posting and use of third parties’ copyrighted content or the infringement of other third-party intellectual property rights. In addition, individual users who supply infringing content on certain of our product may not have sufficient resources to fully indemnify us, if at all, for any such claims. Also, such measures may fail or be considered insufficient by courts or other relevant regulatory authorities. We may be subject to joint infringement liability with the users, which may materially and adversely affect our business, financial position, and reputation.

As an online service provider, we have adopted a comprehensive set of measures to reduce the likelihood of using, developing or making available any content without the proper licenses or necessary consents. Such measures include (i) requiring users to acknowledge and agree that they will not supply or perform content which may infringe upon others’ copyright; (ii) putting in place procedures to block users on our blacklists from supplying or distributing content; (iii) implementing “notice and take-down” policies to be eligible for the safe harbor exemption for user-generated content. However, these measures may not be effective in

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preventing the unauthorized posting and use of third parties’ copyrighted content or the infringement of other third-party intellectual property rights. Specifically, it is possible that such acknowledgments and agreements by users may not be enforceable against third parties who file claims against us. Furthermore, a plaintiff may not be able to locate users who generate content that infringes on the plaintiff’s copyright and may choose to sue us instead. In addition, individual users who supply infringing content on our platforms may not have sufficient resources to fully indemnify us, if at all, for any such claims. Also, such measures may fail or be considered insufficient by courts or other relevant regulatory authorities. If we are not eligible for the safe harbor exemption, we may be subject to joint infringement liability with the users, and we may have to change our policies or adopt new measures to become eligible and retain eligibility for the safe harbor exemption, which could be expensive and reduce the attractiveness of our platform to users.

We may not be able to adequately protect or enforce our intellectual property rights throughout the world, and our efforts to do so may be costly.

We rely on proprietary technology, and we are dependent on our ability to protect such technology. If we are not able to adequately protect or enforce the intellectual property rights relating to our foundation model products and other technologies, competitors could be able to access and use them, and our operations and financial condition could be adversely affected. Other parties may unintentionally or willfully disclose, obtain or use our technologies. Unauthorized third parties, including our competitors, may be able to copy certain portions of our products or reverse engineer or obtain and use information that we regard as proprietary. Our competitors may also be able to independently develop similar or superior products without copying our proprietary technology or design around our patents. Further, we may not have adequate intellectual property rights in certain proprietary technology in jurisdictions that are important to the business or that one day may become important to the business where we do not currently own any issued or applied-for patents. In addition, the laws of some foreign countries do not protect our intellectual property rights as fully as do the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. We did not adopt an aggressive or offensive global intellectual property strategy to enforce our intellectual property rights, which may expose us to greater risk of infringement by third parties.

In addition, any litigation initiated by us concerning the infringement by third parties of our intellectual property rights is likely to be expensive and time consuming and could lead to the invalidation of, or render unenforceable, our intellectual property rights, or could otherwise have negative consequences for us. We may be a party to claims and litigation as a result of alleged infringement by third parties of our intellectual property rights. Even when we sue other parties for such infringement, that suit may have adverse consequences for our business. Any such suit may be time consuming and expensive to resolve and may divert our management’s time and attention from our business. Furthermore, it could result in a court or governmental agency invalidating, narrowing the scope of, or rendering unenforceable our patents or other intellectual property rights upon which the suit is based, which may seriously harm our business. Additionally, monitoring unauthorized use and disclosures of our

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proprietary technology, intellectual property and confidential information can be difficult and expensive. We cannot be sure that the steps we have taken will prevent misappropriation, infringement and violation of our intellectual property or proprietary rights. If we are unable to adequately protect, establish, maintain or enforce our intellectual property or other proprietary rights, our business, financial condition and results of operations may be adversely affected.

In particular, we must actively protect and maintain the legal ownership of our trademarks under which we market our brand and offer various foundation model products. Any failure to register or maintain the registration of our trademarks in any jurisdictions where we operate our business may result in an adverse and material effect on our business, financial condition and results of operations. We currently have certain pending trademark applications across various jurisdictions, some of which may be subject to governmental scrutiny or third-party objection. We cannot assure you that we would not be subject to trademark infringement claims due to such trademark uses by us, or that we have duly registered all the trademarks necessary for our operations with competent governmental authorities. We may also be subject to other intellectual property infringement claims. As competition intensifies and as litigation becomes a more common method for resolving commercial disputes, we face a higher risk of intellectual property infringement claims. See “— We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights.”

If we are unsuccessful in obtaining protection for our trademarks, we may be required to change our brand names and may incur significant costs or substantial damages to our businesses in redirecting the existing users and potential users to our new name and may lose audience traffic to a material extent during the process. Any potential conflict over the usage of our brand may expose us to substantial legal costs and administrative penalties and take up the time and energy of our management which could have been used on development of our business. In addition to our registered patents, trademarks, and copyrights, we rely heavily on proprietary know-hows and internal trade secrets. These trade secrets and proprietary know-hows are critical to the performance of our foundation models but are inherently more difficult to protect. If any of our employees or partners misappropriate, disclose, or independently develop similar techniques, our competitive advantage may be materially harmed, and we may have limited legal remedies to enforce our rights.

Moreover, our intellectual property strategy is closely linked to our ability to maintain and enhance our brand reputation. Adverse publicity, with or without merits, relating to events or activities attributed to us, our management, directors, employees, shareholders, business partners or their affiliates, industry, or products similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and could harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Moreover, damage to our reputation and loss of brand equity may reduce demand for our products, have an adverse effect on our future financial results, or reduce the [REDACTED] of our Class A

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Ordinary Shares. Rebuilding our reputation and brand equity may also require additional time and significant resources. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights.

The industry in which our business operates is characterized by a dense landscape of intellectual property rights, including rights whose scope, validity or enforceability may be uncertain. As a result, even though our business conduct with respect to intellectual property is generally in alignment with industry peers according to CIC, there remains a significant amount of uncertainty in the industry regarding intellectual property protection and infringement, and we cannot be certain that the conduct of our business does not and will not infringing, misappropriating or otherwise violating intellectual property or proprietary rights of third parties. User-generated content and the training materials used in our AI-native products present risks that could lead to allegations that we inadvertently violate intellectual property rights without our knowledge. For example, it could be alleged that datasets used for training may inadvertently include copyrighted material without proper licensing, or users may input content they do not own or have permission to use, potentially giving rights to claims of secondary liability for infringement. AI-generated outputs based on such data could be alleged to be unauthorized derivative works or closely mimic protected content. Additionally, the inclusion of open-source materials with specific usage restrictions, proprietary information such as trade secrets, or data alleged obtained through web scraping in violation of terms of service may further expose us to infringement claims. The complexity and opacity of sourcing and processing large datasets increase the risk of facing the allegations of unintentional violations.

In recent years, there has been significant litigation globally involving patents and other intellectual property rights, including litigation against the foundation model industry. As the legal frameworks governing the business of the global foundation model industry are still evolving, we and our industry peers could become subject to claims and litigation alleging infringement of third-party patents, copyrights or trade secrets. For example, on September 16, 2025, a group of major U.S. movie studio companies, including Disney, Universal and Warner Bros. Discovery (the “**Plaintiffs**”), filed a civil complaint (the “**Complaint**”) in the United States District Court for the Central District of California, against our Group in relation to Hailuo AI, our visual generation platform. As this case is still at an early stage, we cannot predict with certainty its timing, outcome, potential damages, or expenses that may be incurred. There can be no assurance that we will be able to prevail in our defense. Any adverse outcome of this case could result in payments of monetary damages and divert our management’s attention from day-to-day operations, and thus have an adverse effect on our business, results of operations, financial condition and reputation. See “Business — Legal Proceedings and Compliance.” Furthermore, we may face similar infringement claims from other copyright owners. Any such suit may be time consuming and expensive to resolve and may divert our management’s time and attention from our business. Moreover, in the event that we recruit

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employees from other technology companies, including certain potential competitors, and these employees used or alleged to have used certain know-how, technology or contents, or the participation by such employees in our research and development, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our products or business operations, or invalidate or render unenforceable our intellectual property rights. An adverse judgment could also result in loss of reputation or may force us to take costly remediation actions, such as redesigning our products. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which we are unaware, which may later result in issued patents that our products may infringe. If any of our products infringes a valid and enforceable patent, or if we wish to avoid potential intellectual property litigation on any alleged infringement of our products, we could be prevented from selling, or elect not to sell, our products unless we obtain a license, which may be unavailable or be available only at commercially unreasonable, unfavorable or otherwise unacceptable terms. Alternatively, we could be forced to pay substantial royalties or to redesign one or more of our products to avoid any infringement or allegations thereof. Additionally, we may face liability to our users, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products.

We also may not be successful in any attempt to redesign our products to avoid any alleged infringement. A successful claim of infringement against us, or our failure or inability to develop and implement non-infringing technology, or license the infringed technology, on acceptable terms and on a timely basis, could materially adversely affect our business and results of operations. Furthermore, such lawsuits, regardless of their success, could likely be time consuming and expensive to resolve and may divert management’s time and attention from our business, which could seriously harm our business. Also, such lawsuits, regardless of their success, could seriously harm our reputation with our users, developers and enterprise customers.

Further, third parties may assert infringement claims against us, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as us. Any such assertion, regardless of merit, may be time consuming and expensive to resolve and result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms. In addition, as we continue to develop software products and expand our portfolio using new technology and innovation, our exposure to threats of infringement may increase.

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If we are unable to ensure compatibility of our products with a variety of hardware and software platforms and software applications developed by others, including our partners, and to ensure effective interoperation with mobile operating systems, networks and mobile devices whose standards we do not control, we may become less competitive and our results of operations may be materially and adversely affected.

Our foundation model products may be integrated with a variety of hardware and software platforms and software applications, and we need to modify and enhance our foundation model products to adapt to changes in hardware and software technologies in a timely and cost-effective manner. Compatibility of our products and hardware and software developed by others is critical to the performance of our products. Failure to ensure compatibility of our products may negatively affect our competitive edge, and our business, financial condition and results of operations could be materially and adversely affected.

We make our products available across a variety of mobile operating systems and devices. We are dependent on the interoperability of our products with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. Any changes in these mobile operating systems or devices that reduce the functionality of our products or give preferential treatment to competing products may negatively affect the user experience of our products or divert our users to our competitors. In addition, to deliver high-quality products, it is important that our products work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. If it becomes difficult for our users to access our products, our user growth and market acceptance of our products could be harmed. Furthermore, if the number of platforms for which we develop or adjust our products increases, it will result in an increase in our costs and expenses. Any of the above factors could adversely affect our business and results of operations.

We, our directors, management, employees and shareholders and their affiliates may be subject to lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

We may in the future be subject to or involved in lawsuits, contract disputes, employment-related controversies, and other legal proceedings or fines relating to our business operations inside and outside China. Lawsuits that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely affected. In addition, our directors, management, shareholders and employees and their affiliates may from

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time to time be subject to litigation, regulatory investigations and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We or certain of our directors or officers may be a target for lawsuits, including putative class action lawsuits brought by shareholders and lawsuits against our directors and officers as a result of their position in other public companies. We cannot assure you that we or our directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our directors or officers may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs’ appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operations, cash flows and reputation. Moreover, even if we or our directors or officers eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent the disclosure of proprietary information.

We have devoted substantial resources to the development of our technology and know-how. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality, non-compete covenants with their prior employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality, non-compete covenants in a way that benefits us. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Any investments or future acquisitions may have a material adverse effect on our business, reputation, financial condition and results of operations.

We may evaluate and consider a wide array of investment and acquisition opportunities that we believe can extend and solidify our leading market position as part of our overall business strategy. We may be engaged in discussions or negotiations with respect to one or more of these types of transactions. These transactions involve significant challenges and risks, including:

- difficulties in integrating the acquired personnel, operations, products into our operations;

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- potential issues with technology, internal controls and financial reporting of the companies we acquire or invest in;
- disruptions of our ongoing business, distractions of the attention of our management and employees and increase of our expenses;
- loss of skilled professionals and established client relationships of the businesses we invest in or acquire;
- for investments over which we do not obtain management and operational control, lack of influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments;
- new regulatory requirements and compliance risks that we become subject to as a result of investments or acquisitions in new industries or otherwise;
- actual or alleged misconduct or noncompliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;
- compliance matters including the anti-monopoly and competition laws, rules and regulations of the PRC and other countries in connection with any proposed investments and acquisitions;
- the risk that any of our pending or other future proposed investments or acquisitions does not close;
- the costs of identifying and consummating investments and acquisitions;
- the use of substantial amounts of cash and potentially dilutive issuances of equity securities;
- the occurrence of significant amortization expenses for other intangible assets; and
- uncertainties in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

Any such negative developments described above could disrupt our existing business and have a material adverse effect on our business, reputation, financial condition and results of operations.

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We are subject to the risks associated with sanctions and export controls laws and regulations, and developing domestic and foreign laws and regulations on AI and related technologies, and our business, financial condition and results of operations could be materially and adversely affected.

International trade frictions have been escalating continuously in recent years. Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms, such as heavy tariffs or harsh trade conditions, against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. The United States and other jurisdictions or organization, including the European Union, the United Nations, the United Kingdom and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organization within such countries.

With the escalation of the trade dispute between the U.S. and China, the U.S. government may impose additional export control measures on components and technologies developed by U.S. companies. For example, on April 9, 2025, the U.S. government informed NVIDIA Corporation that the U.S. government requires a license for export to China, including Hong Kong and Macau, or to companies headquartered or with an ultimate parent therein, of the NVIDIA Corporation’s H20 integrated circuits and any other circuits achieving the H20’s memory bandwidth, interconnect bandwidth, or combination thereof. The U.S. government indicated that the license requirement addresses the risk that the covered products may be used in, or diverted to, a supercomputer in China. Our operations may be negatively affected if any of our business partners are added to the Entity List or subject to other forms of export control, which may result in our failures to obtain crucial components or access to the latest technologies originated from the U.S., and in turn, may have material and adverse impacts on our business, results of operations, financial conditions and business prospects.

International trade policies and international export controls and economic sanctions laws and regulations are constantly evolving. The U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) has issued an entity list (the “Entity List”), and had been frequently updating the Entity List to include more PRC-based hi-tech companies. New persons and entities are regularly added to the Entity List and the list of Sanctioned Targets. PRC-based companies on the Entity List are subject to trade sanctions and export controls on a number of components and technologies developed by U.S. companies. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions.

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On August 9, 2023, U.S. President Biden issued an executive order and his administration issued an ANPRM providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued the Final Rule, which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) AI systems, collectively defined as “covered foreign persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in covered foreign persons, which are defined as “covered transactions,” and include acquisitions of equity interests (including contingent equity interests), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including certain ones in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Since our principal place of business is in China and we engage in the development of certain AI models, we are likely to be deemed as a “covered foreign person” as described in the Final Rule. The acquisition of our equity by U.S. persons may be deemed as a “covered transaction” as defined in the Final Rule, and such “covered transaction” is likely to be deemed as a “notifiable transaction,” but not a “prohibited transaction,” based on the level of computing power used to train the AI systems we develop and the end-uses of such systems. As a result, such U.S. persons may need to make a notification pursuant to the Final Rule. U.S. persons’ acquisitions of certain publicly traded securities may be exempted from the prohibition and the notification requirement under the Final Rule (e.g., the [REDACTED] securities of the Company following the completion of the [REDACTED]). [REDACTED], including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their legal counsel regarding any potential notification obligations. Certain [REDACTED] have informed us of their intention to make notifications with the U.S. Department of the Treasury. None of the [REDACTED] has any obligation to inform us or any [REDACTED] if they later decide that they will not file such notifications. No publicly available precedent exists regarding the application of the OIP regulations by the U.S. Department of the Treasury or by any court or other regulatory, judicial or legal authority to specific transactions. In addition, the technologies of our business could change such that we are engaged in “covered activities” that trigger the OIP’s prohibitions, or the OIP may be changed by executive actions of the U.S. government, including modifications to the scope of activities and technologies that are subject to prohibitions or notification requirements, or changes to the scope and availability of applicable exceptions to the OIP’s prohibitions or notification requirements.

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Specifically, on January 20, 2025, the U.S. government issued a national security presidential memorandum entitled “America First Trade Policy”, which, among other things, directs the Secretary of the Treasury and several other executive departments and agencies to review the OIP to determine whether it contains “sufficient controls to address national security threats” and to determine whether the executive order implementing the OIP “should be modified or rescinded and replaced.” In addition, on February 21, 2025, the U.S. government issued another national security presidential memorandum entitled “America First Investment Policy”, which, among other things, states that the U.S. government will consider potential expansion of the OIP to a wider range of technology sectors, including biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas “implicated by the PRC’s national Military-Civil Fusion strategy,” and application of restrictions to a broader range of investments, including “publicly traded securities”. On April 3, 2025, the U.S. government further stated that it intends to evaluate whether the scope of outbound investment restrictions should be expanded “to be responsive to developments in technology and the strategies of countries of concern.”

Changes to our technologies or to the OIP could limit, or in the worst-case scenario, eliminate our ability to raise capital or contingent capital (such as convertible instruments) from U.S. investors in the future. Our ability to raise such capital may be significantly and adversely affected, which could negatively impact our capital-raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the OIP could restrict or prohibit the purchase or [REDACTED] of our Shares by U.S. persons, impose new notification or other regulatory requirements, or otherwise make our Shares less attractive to [REDACTED]. In such circumstances, the value and liquidity of our Shares may be materially and adversely affected, and in extreme cases, our Shares could experience significant declines in [REDACTED].

The successful operation of our business depends on the performance and reliability of the Internet infrastructure and telecommunications networks in the countries where we operate.

Our business depends in part on the performance, reliability and security of the telecommunications and Internet infrastructure in the countries where we operate. In the event of disruptions, failures or other problems with the relevant Internet infrastructure, our business operation may be adversely affected. In addition, the Internet infrastructure in the countries in which we operate may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our products. We have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our margins could be adversely affected. In addition, if Internet access fees or other charges to users increase, the user base of our products may decrease, which in turn may significantly decrease our revenue.

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In particular, if the security of domain names is compromised, we will be unable to use the domain names in our business operations, which could materially and adversely affect our business operations, reputation and brand image. If we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and Internet operators we rely upon, there is a risk that telecommunications and Internet operators or their business partners may misappropriate our data, which could materially and adversely affect our business operations and reputation.

We depend on cloud services and infrastructure operated by third parties and any disruption of or interference with our use of such third-party services and infrastructure would adversely affect our business, results of operations and financial conditions.

We provide our foundation model products through a number of third-party cloud services and infrastructure providers. Our third-party cloud services and infrastructure providers may experience problems, including but not limited to, software and hardware breakdowns, power shortages or natural disasters, which may expose us to the risks of interruptions, delays or outages with respect to our third-party cloud services and infrastructure. The level of cloud services and infrastructure provided by these third-party providers, or regular or prolonged interruptions in that particular cloud services or infrastructure, could affect the use of, and our users’ satisfaction with, our products and could harm our reputation.

Furthermore, in some circumstances, our cloud service and infrastructure providers may discontinue or restrict our access to one or more services or terminate or seek to terminate contractual relationship with us. If our contractual relationship with our current third-party providers were terminated, we could experience temporary interruptions in our ability to provide services to our users and may incur additional costs in searching for alternative cloud services and infrastructure providers.

As a result of the above, we may experience temporary disruptions to our operation leading to the dissatisfaction of our users, incur additional costs or be subject to actual or potential liability, any of which could have an adverse impact on our business, results of operations and financial conditions.

Disruptions and unauthorized access such as cyberattacks on our IT systems or those of third-party service providers could have a material adverse effect on our business operations, results of operations, reputation and financial condition.

Our products and technologies may provide us with access to data or information, which pose a tempting target for malicious actors who may seek to carry out cyberattacks against us or our suppliers or service providers. Actual or perceived breaches of our or our service providers’ security measures or any failure to maintain reliability, security and integrity of our products and technical platform, including third-party cloud platform and information technology, or IT, services upon which we rely, may expose us to significant consequences. We can provide no assurance that our IT systems or those of third-party service providers are fully protected against third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats. Additionally, software

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authorized or licensed by third parties which is incorporated into our products and technologies may present certain risks related to cybersecurity, such as the general lack of support for such software which could result in vulnerabilities that could compromise the security of our systems. See “— We make certain of our models and products available on an open-source basis and may use open-source technology, which may pose particular risks to our business” for further details describing the risks associated with our use of open-source software.

Therefore, our systems, servers and equipment, and those of our service providers, may be subject to such incidents, which may lead to damages to our IT systems, material disruption to our business, or theft, rendering inaccessible, improper disclosure or misappropriation of our or our users’ business information, trade secrets, user data and other confidential or proprietary information. Any such event could have a material adverse effect on our business even if we recover using our backup information. Consequences may include legal and financial exposure, loss of business and users, loss or unauthorized disclosure of trade secrets or other proprietary information or personal information, and could give rise to litigation (including class-action litigation and litigation and indemnity claims against us by our users based on our customer agreements and other commercial arrangements), regulatory actions and fines, consumer protection actions, other related costs (including in connection with our investigation and remediation efforts) and significant harm to our reputation. This may hinder our ability to retain existing users and business partners and attract new partners and users. To the extent we experience a cyberattack or security breach, we may be unsuccessful in implementing remediation plans to address exposure and future harm. Also, we do not maintain insurance coverage relating to cybersecurity incidents, and so any expenses or costs incurred as a result of, or related to, any cyberattacks or security breaches, which could be significant, would be at our own expense. Any such actual or perceived disruptions, access, breaches, uncertainties or events could materially and adversely affect our business operations, results of operations, and financial condition.

We may not have sufficient insurance coverage to cover our business risks.

We believe we maintain insurance policies in line with industry standards. We do not maintain business interruption insurance, key-man life insurance or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

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RISK RELATED TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We need to make significant operating expenditures, and we may need to raise additional capital in the future, which may not be available on terms acceptable to us, or at all. If we cannot raise additional funds on attractive terms when we need them, our operations and prospects could be negatively affected.

The development of our products will require us to make regular operating expenditures to maintain our level of service. Changing competitive conditions or the emergence of any significant advances in foundation model products could require us to invest significant capital in order to remain competitive. As of September 30, 2025, our total shareholders’ deficit was US\$1,303.5 million, and we have generated net loss in 2022, 2023, 2024 and the nine months ended September 30, 2025. In 2024, 65.1% of our operating expenses were for research and development activities. If we are unable to fund any such investment or otherwise fail to invest in our research and operations, our business, results of operations or financial condition could be adversely affected. Our operating expense requirements will depend on many factors, including, but not limited to:

- technological advancements;
- market acceptance of our products, and the overall level of sales of our products;
- research and development expenses;
- our ability to control costs;
- sales and marketing expenses;
- enhancements to our systems and facilities;
- potential acquisitions of businesses and solution lines; and
- general economic conditions, including the effects of international conflicts and their impact on the global foundation model industry in particular.

Furthermore, if our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders at that point in time will be reduced. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures.

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Failure to fulfill our obligations in respect of contract liabilities could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our users for services that have not yet been delivered. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had contract liabilities of approximately nil, US\$0.6 million, US\$1.6 million and US\$4.7 million. For further details, see “Financial Information — Liabilities — Contract Liabilities.” There is no assurance that we will be able to fulfil our obligations in respect of contract liabilities. If we have any difficulties or fail to perform our obligations under our contracts, our relationships with our users will be adversely affected and we will be unable to recognize such contract liabilities as revenue, exposing us to the risk of shortfalls in liquidity, which may have a material adverse effect on our operational performance and prospects.

We are subject to credit risk related to delay in payment and defaults of users or related parties, 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 users. As of December 31, 2022, 2023, 2024 and September 30, 2025, our trade receivables amounted to nil, US\$1.3 million, US\$7.0 million and US\$8.1 million, respectively, and our current version of prepayments, other receivables and other assets amounted to US\$0.6 million, US\$4.4 million, US\$13.5 million and US\$11.8 million respectively. We may not be able to collect all such trade receivables and prepayments, other receivables and other assets due to a variety of factors that are beyond our control, including long payment cycles of certain of our suppliers, adverse operating condition or financial condition of users, and users’ inability to pay. If our users 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 condition would be adversely affected.

Fluctuations in changes in fair value of our financial assets at fair value through profit or loss would affect our financial results.

We have invested in, and intend to continue to selectively invest in, businesses, assets and technologies that complement our existing business and may make other financial investments. We recorded financial assets at fair value through profit or loss of US\$65.8 million, US\$15.8 million, US\$390.6 million and US\$714.4 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. These financial assets at fair value through profit or loss included our investments in structured wealth management products. The fair value changes in our financial assets measured at fair value through profit or loss may negatively affect our financial performance. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Any change in the estimates and assumptions may lead to a change in the fair value of the financial assets, which in turn could negatively affect our financial conditions and results.

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

The share incentive plan was established for the benefit of our directors, senior management and core 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 employee incentive scheme, see “Appendix IV — Statutory and General Information — D. Share Incentive Plans.” In 2022, 2023, 2024 and the nine months ended September 30, 2025, we recorded US\$1.1 million, US\$3.3 million, US\$6.8 million and US\$8.6 million, respectively, in share-based payments.

To further incentivize our employees, we may incur additional share-based payment expenses in the future. We believe such share-based awards are important to our ability to attract, retain and motivate our key personnel, and we may continue to grant share-based awards 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 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 Class A Ordinary Shares.

We may be subject to higher income tax rates if certain preferential tax treatments granted to us become unavailable or are not renewed.

Our PRC subsidiaries are subject to the PRC corporate income tax at a standard rate of 25% on their taxable income, but certain of our PRC subsidiaries were accredited as “High and New Technology Enterprises,” and are entitled to a preferential income tax rate of 15%. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancellation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiaries will be subject to the PRC enterprise income tax, or EIT, at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

To address any ESG-related risks, we may incur additional costs, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG-related risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes, and we do not produce any heavy pollution. Nonetheless, we monitor environmental and climate-related risks that may impact our business, strategy and financial performance. We also evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators to manage our environmental and climate-related risks arising from our operations

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and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. For further details, see “Business — Environmental, Social and Governance.”

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

RISKS RELATED TO DOING BUSINESS IN THE GEOGRAPHIC MARKETS IN WHICH WE OPERATE

Changes in the political, economic and social conditions of the geographic markets in which we operate may materially and adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in the geographic markets in which we operate, particularly those with emerging or evolving regulatory frameworks for AI and foundation model technologies.

In certain markets, local governments continue to play an active role in shaping the technology sector, including through licensing regimes, export controls, foreign ownership restrictions, or preferential treatment for domestic players. In some cases, governments may impose restrictions on access to computing infrastructure, or introduce national security reviews of AI and foundation model technologies, which could adversely affect our commercialization pace, product deployment or international expansion. Actions taken by governments to manage inflation, devalue currencies, impose capital controls, or regulate technology exports or imports may also materially impact our operations.

Additionally, political or social instability—including policy unpredictability, trade tensions, protests, or deteriorating diplomatic relations—could increase compliance costs, limit access to key resources or partnerships, or disrupt our operations and strategic planning. These risks are heightened in jurisdictions where the regulatory environment is rapidly changing or where geopolitical tensions may affect access to talent, infrastructure, or markets for AI and foundation model technologies.

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

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration

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over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 24, 2023, the CSRC and other relevant government authorities published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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 “**Archives Rules**”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

Furthermore, we cannot assure you that new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us, our shareholders or our financing activities. We or our shareholders may not be able to comply with such additional requirements in a timely manner. In addition, we or our shareholders may be subject to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC filing or other government authorization or approval for this [REDACTED] or any subsequent change in shareholding structure, it is uncertain whether we can or how long it will take us or our shareholders to obtain such approval or complete such administrative procedures and these regulatory authorities may impose fines and penalties on us or our shareholders, 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 adverse effect on our business.

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

As we expand globally with our users, we become increasingly exposed to the effects of fluctuations in currency exchange rates, especially its potential impact on our financing arrangements. The value of the Renminbi against the U.S. dollar and other currencies has fluctuated significantly in the past, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. We recorded other comprehensive gains from exchange differences on translation of foreign operations of US\$0.1 million, US\$0.4 million, US\$0.3 million and other comprehensive losses of US\$0.1 million and US\$1.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, due to the

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fluctuations of U.S. dollar/RMB exchange rate when translating results and financial positions of the Company and its subsidiaries inside mainland China from their functional currency RMB into our presentation currency U.S. dollar. We recorded net foreign exchange gains of US\$0.2 million, US\$0.3 million, US\$2 thousand, US\$1.4 million and US\$1.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, due to the fluctuation of U.S. dollar/RMB exchange rate when translating monetary assets and liabilities denominated in foreign currencies in terms of the functional currency of the Company and its subsidiaries. For details, see Note 32 to the Accountant’s Report set out in Appendix I to this Document.

We are a holding company, and we may rely on dividends paid by certain of our subsidiaries for our cash needs. We face translation exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and affect our operating results. To the extent that we need to convert any foreign currencies we receive from this [REDACTED] into Renminbi for our operations, appreciation of the Renminbi against such foreign currencies would have an adverse effect on the Renminbi amount we would receive. We cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the foreign currencies in the future. If we decide to convert our Renminbi into foreign currencies for making payments toward our financing, for dividends on our [REDACTED], or for other business purposes, appreciation of the foreign currency against the Renminbi would have a negative effect on the foreign currency amount, adversely affecting our financial position. Therefore, any significant fluctuation of Renminbi against the foreign currency could adversely affect our business, results of operations and financial condition, and the value of any dividends payable in foreign currencies.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the document based on foreign laws.

Substantially all of our operations are located in the PRC. In addition, almost all of our Directors, supervisors and officers reside in China and substantially all of their assets are located in China. It may be difficult for [REDACTED] to effect service of process upon those persons residing in China or to enforce against us or them in China any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside China may be difficult.

On July 14, 2006, the Supreme People’s Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “Arrangement”). Under the Arrangement, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court requiring payment of money in a

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civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People’s Court of the PRC and Hong Kong entered into an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “New Arrangement”). The New Arrangement will broaden the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties’ agreement. The New Arrangement will replace the Arrangement when the former becomes effective. The New Arrangement became effective on January 29, 2024 both in China and in Hong Kong. Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Moreover, under the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), if a court of China rules that a foreign judgment violates the basic principles of PRC laws or national sovereignty, security, or public interest, the PRC court may not enforce the foreign judgment against our assets or managements in China.

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

We are a Cayman Islands holding company, and we may rely principally on dividends and other distributions on equity from our subsidiaries for our cash requirements, including for services of any debt we may incur. For example, our PRC subsidiaries’ ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of each of their registered capitals. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Any limitation on the

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ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

We are subject to PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental regulations of currency conversion when we use the [REDACTED] of this [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries in China. Any loans to our PRC subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities investments other than banks’ principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises). See “Regulatory Overview — Regulations Relating to Foreign Exchange” for details on foreign exchange related regulations.

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

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

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. We receive most of our payments from users in Renminbi and may need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Class A Ordinary

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Shares. Under the Chinese existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from SAFE or its local branches by complying with certain procedural requirements. However, we may not be able to pay dividends in foreign currencies to our Shareholders if access to foreign currencies for current account transactions is restricted in the future. Foreign exchange transactions under our capital account continue to be subject to foreign exchange controls and require the approval of the SAFE or its local branches. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Most of our revenue and costs are denominated in Renminbi. Any significant revaluation of the Renminbi may materially and adversely affect our results of operations, cash flows and financial condition. Since 1994, the conversion of the Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by the People’s Bank of China, which are set daily based on the previous business day’s interbank foreign exchange market rates and current exchange rates on the world financial markets. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

Changing international circumstances could result in appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies. If the Renminbi appreciates against other currencies significantly, and as we need to convert and remit the [REDACTED] from the [REDACTED] and future financing into the Renminbi for our operations, appreciation of the Renminbi against the relevant foreign currencies would reduce the Renminbi amount we would receive from the conversion. On the other hand, because the dividends on our Class A Ordinary Shares, if any, will be paid in Hong Kong dollars, any devaluation of the Renminbi against the Hong Kong dollar could reduce the amount of any cash dividends on our Class A Ordinary Shares in Hong Kong dollar terms. In addition, there are limited instruments available for us to reduce our exposure to foreign currency risk at reasonable costs. Any of the foregoing factors may materially and adversely affect our businesses, results of operations, financial condition and prospects.

PRC regulations establish related procedures for some acquisitions of Chinese companies by foreign investors, which could make it complicated for us to pursue growth through acquisitions in China.

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established specific procedures and requirements for merger and acquisition activities by foreign investors. Such regulation requires, among other things, that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the NPC which became effective in 2008 and

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last amended in 2022 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed.

On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, and stating that any foreign investment that has or may have an impact on national security shall be subject to security review in accordance with the provisions thereof. According to the measures, foreign investment includes a foreign investor acquires the equity or assets of any enterprise in China by means of merger and acquisition, and a foreign investor makes investment in China by other means. Foreign investor or relevant parties in China must declare the security review to the working mechanism office prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, while obtaining control over the enterprises invested in.

We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be costly, and any required approval processes, including obtaining approval or clearance from the competent governmental authority, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents’ Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles, or SAFE Circular 75, which ceased to be effective upon the promulgation of SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

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SAFE Circular 37 requires registration with, and approval from, Chinese government authorities in connection with direct or indirect control of an offshore entity by PRC residents. The term “control” under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore special purpose vehicles, or SPVs, by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. On February 13, 2015, the SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice 13, which became effective on June 1, 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

These regulations may have a significant impact on our present and future structuring and investment. We cannot assure you that any PRC shareholders of our Company or any PRC company into which we invest will be able to comply with those requirements. Any failure or inability by such individuals or entities to comply with SAFE regulations may subject us to fines or legal sanctions, such as restrictions on our cross-border investment activities or our PRC subsidiaries’ ability to distribute dividends to, or obtain foreign exchange-denominated loans from, our Company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, with the promulgation of new laws, regulations and standards concerning foreign exchange regulations in the future, we are required to comply with these laws, regulations and standards concerning offshore or cross-border transactions, otherwise we may be subject to fines or other penalties, which could materially and adversely affect our business, results of operations and financial condition. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

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

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementation rules, an enterprise established outside the PRC with its “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. The State Administration of Taxation, or SAT, issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic

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of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), known as SAT Circular 82, on April 22, 2009 and most recently amended on December 29, 2017. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. The criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe our Company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our Company or any of our offshore subsidiaries is a PRC resident enterprise for enterprise income tax purposes, our Company or the relevant offshore subsidiaries will be subject to PRC enterprise income on its worldwide income at the rate of 25%. Furthermore, if we are treated as a PRC tax resident enterprise, we will be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of [REDACTED], if such gain is treated as derived from a PRC source. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders and any gain realized on the transfer of [REDACTED] by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC shareholders would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [REDACTED] in the [REDACTED].

Indirect transfers of equity interests in PRC resident enterprises by their non-PRC resident companies may be subject to tax obligation.

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Bulletin 7, which came into effect on February 3, 2015 and last amended in December 2017. Pursuant to this Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by

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non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. SAT Bulletin 7 has introduced safe harbors for the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》), or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

We may be subject to tax obligation as to the reporting and other implications of future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our Company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

RISKS RELATED TO THE WVR STRUCTURE

The concentration of the voting power of our Class B Ordinary Shares limits our Shareholders’ ability to influence corporate matters.

Our Company will be controlled through weighted voting rights upon completion of the [REDACTED]. Immediately upon the completion of [REDACTED], the WVR Beneficiaries will be Dr. Yan and Ms. Yun. Dr. Yan and Ms. Yun are expected to have an economic interest in the Company of approximately [REDACTED]%, representing approximately [REDACTED]% of the total voting power in general meetings of the Company (assuming the [REDACTED] is not exercised) with respect to Shareholders’ resolutions relating to matters other than the Reserved Matters. Dr. Yan and Ms. Yun therefore have significant influence over management and affairs of the Company and over all matters requiring Shareholder approval, including the election of Directors (excluding the appointment, election or removal of any independent non-executive Director) and significant corporate transactions, such as a merger or other sale of our Company or our assets, for the foreseeable future. In addition, because each Class A Ordinary Share carries only one-tenth of the voting rights of each Class B Share (except as required by applicable law and in relation to the Reserved Matters), the issuance of the Class A Ordinary Shares, including future stock-based acquisition transactions and

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employee equity incentive programs, could affect their ability to determine the outcome of most matters submitted to a vote of our Shareholders. For further details about our shareholding structure, see “Share Capital — Weighted Voting Rights Structure”. This concentrated control limits or severely restricts our Shareholders’ ability to influence corporate matters and, as a result, we may take actions that our Shareholders do not view as beneficial. As a result, the price of our Class A Ordinary Shares could be adversely affected. This concentrated control could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class A Ordinary Shares may view as beneficial, and may also discourage, delay, or prevent a change of control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their Class A Ordinary Shares as part of a sale of our Company and may reduce the price of our Class A Ordinary Shares.

Holders of our Class B Ordinary Shares may exert substantial influence over us and may not act in the best interests of our other Shareholders.

Following the completion of the [REDACTED], our WVR Beneficiaries will be in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any Shareholders’ resolutions, irrespective of how other Shareholders vote. The interests of the holders of our Class B Ordinary Shares may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of voting power may also have the effect of delaying, deferring or preventing a change in control of our Company.

RISKS RELATED TO THE [REDACTED] AND OUR SHARES

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

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

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The [REDACTED] and [REDACTED] of our Class A Ordinary Shares may be volatile, which could result in substantial losses for [REDACTED] purchasing our Class A Ordinary Shares in the [REDACTED].

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, regulatory development, additions or departures of key personnel, or actions taken by competitors could cause the [REDACTED] of our Class A Ordinary Shares or [REDACTED] of our Class A Ordinary Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are [REDACTED]. Such volatility, as well as general economic conditions, may materially and adversely affect the [REDACTED] of shares, and as a result [REDACTED] in our Class A Ordinary Shares may incur substantial losses.

Subscribers and purchasers of our Class A Ordinary Shares under the [REDACTED] will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our Class A Ordinary Shares is higher than our net tangible assets value per Share immediately prior to the [REDACTED]. Therefore, subscribers and purchasers of our Class A Ordinary Shares under the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible assets value per Share. In order to expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future or to raise additional funds in the future to finance our business expansion, for existing operations or new acquisitions. If additional funds are raised through the [REDACTED] of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of the existing Shareholders may be reduced, and they may experience subsequent dilution and reduction in their earnings per share, (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders and/or (iii) subscribers and purchasers of our Class A Ordinary Shares may experience dilution in the net tangible assets value per Share if we [REDACTED] additional Shares in the future at a price which is lower than our net tangible assets value per Share.

Future sale or major divestment of Shares by any of our substantial Shareholders could adversely affect the prevailing [REDACTED] of our Class A Ordinary Shares.

The Shares held by certain Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed [REDACTED] of this Document. However, we cannot give any assurance that after the restrictions of the lock-up periods expire, these Shareholders will not dispose of any Shares. Sale of substantial amounts of our Class A Ordinary Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our Class A Ordinary Shares.

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The [REDACTED] of the Shares when [REDACTED] begins could be lower than the [REDACTED].

The [REDACTED] will be determined on the [REDACTED]. However, the Shares will not commence [REDACTED] on the Stock Exchange until they are delivered, which is expected to be a few Business Days after the expected [REDACTED]. [REDACTED] may not be able to sell or otherwise deal in the Shares during that period. As a result, holders of the Shares are subject to the risk that the price of the Shares when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur during that period.

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

Facts, forecasts, estimates and other statistics in this Document relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. The information from official government sources has not been independently verified by us, [REDACTED], any of their respective directors, supervisors, and advisors, or any other parties involved in the [REDACTED], and no representation is given as to its accuracy. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to other information and statistics produced. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this Document may not be consistent with other information available from other sources and therefore, [REDACTED] should not unduly rely upon such facts, forecasts, estimates and statistics while making [REDACTED] decisions.

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

The [REDACTED] market for our Class A Ordinary 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 Class A Ordinary Shares, the price of our Class A Ordinary Shares would likely 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 [REDACTED] or [REDACTED] to decline.

We may not be able to pay any dividends to our Shareholders.

We cannot guarantee when and in what form dividends will be paid on our Class A Ordinary Shares following the [REDACTED]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

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[REDACTED] may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability, and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where [REDACTED] may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, as amended from time to time, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where [REDACTED] reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

You should read the entire Document carefully and should not place any reliance on any information contained in press articles or other media regarding the [REDACTED].

There may have been, prior to the publication of this Document, and there may be, subsequent to the date of this Document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], such as the profit estimate information. You should rely solely upon the information contained in this Document and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding the [REDACTED]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any estimates, views or opinions expressed by the press or other media regarding the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Accordingly, prospective [REDACTED] should not rely on any such information, reports or publications in making their decisions whether to [REDACTED] in the [REDACTED]. Prospective [REDACTED] in the [REDACTED] are reminded that, in making their decisions as to whether to purchase our Class A Ordinary Shares, they should rely only on the financial, operational and other information included in this Document. By applying to purchase our Class A Ordinary Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document.

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Forward-looking information contained in this Document is subject to risks and uncertainties.

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.