

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information,” before making an [REDACTED] in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial condition, results of operations or prospects. The [REDACTED] of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements.”

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

AI technologies are constantly evolving. To remain competitive in the AI infrastructure software industry, we must continue to stay abreast of rapid technological developments and continuously evolving industry trends. We have invested significantly in our R&D and made other efforts in response to these constant changes, but we can make no assurance that these efforts will generate our expected return, or any return at all. Failure to cope with rapid development of AI technologies may materially and adversely affect our business, financial condition and results of operations.

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

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

The industries in which we operate are characterized by constant changes. If we fail to continuously innovate our technology and provide useful products, services and solutions that meet the expectations of our users, our business, financial condition and results of operations may be materially and adversely affected.

The industries in which we operate are characterized by constant changes, including rapid technological evolution, frequent introductions of new products, services and solutions, continual shifts in users demands and constant emergence of new industry standards and practices. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. To remain competitive, we must continue to stay abreast of the continuously evolving industry trends and rapid technological developments. We have invested and intend to continue investing significant resources in technologies to enhance our products, services and solutions. Nevertheless, we may not be able to leverage new technologies effectively or adapt our products, services and solutions to meet user needs or emerging industry standards, and our technology approach might not align with our future development plans or even become obsolete if we are

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unable to adapt in a cost-effective and timely manner to changing market conditions, whether for technical, legal, financial or other reasons. Our success will depend partially on our ability to continuously identify, develop, acquire, protect or license advanced and new technologies that are valuable to our products, services and solutions and services. Failure to do so could render our existing products, services and solutions obsolete and unappealing, thereby adversely affecting our business prospects.

Moreover, uncertainties regarding the timing and nature of the development of AI products, solutions or technologies, or modifications to existing products, solutions or technologies, could increase our R&D expenses. Any failure to deliver effective results by our products, services and solutions could reduce the demand for our products, services and solutions, result in user dissatisfaction, and adversely affect our business, financial condition, results of operations and prospects.

Changes in the market or our products, services and solutions may affect our pricing models and adversely affect our operating results.

Our pricing models face challenges from evolving market changes. As the market for our products, services and solutions grows, as our competitors introduce new products, services and solutions 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 customers or retain existing customers based on our historical pricing models. Given our limited experience with our historical pricing models, we may not be able to accurately predict customer renewal or retention. In addition, regardless of the pricing model used, certain customers may demand higher price discounts. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

We face competition from existing or new market players in the industries in which we operate, and we may not compete effectively.

The market of AI infrastructure software in China is competitive and characterized by rapid changes in technology, shifting customer preferences, and frequent introductions of new products, services and solutions. The principal competitive factors in our industry include functionality, scope and performance of products, services and solutions, scalability and reliability of services, technology capabilities, marketing and sales capabilities, user experience, pricing, brand recognition and reputation. In addition, new and enhanced technology may further increase competition in our industry. As such, we face competition in various aspects of our business, and we expect such competition to continue growing in the future, both from current competitors and new market entrants that may be more well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience growth stagnation or even a decline in revenue, which could materially and adversely affect our business, financial condition and results of operations.

Our competitors may have larger customer bases, stronger brand recognition, more extensive commercial relationships in China, and greater financial, technical, marketing, R&D, and other resources than we do. As a result, such competitors may be able to develop products, services and solutions better received by customers, or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or market demands. In addition, some of our competitors may be able to leverage a larger existing customer base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. Any of the aforementioned events could cause us to lose potential sales or compel us to sell our products, services and solutions at lower prices to remain competitive, which may have a material adverse effect on our financial condition and results of operations. Furthermore, our current and potential competitors may enter into business partnerships or alliances among themselves or with third parties that may further enhance their resources and offerings. Established companies from other market segments may also expand into our market segment. See “Business — Competition” for factors that affect our ability to compete effectively. If we are unable to compete successfully against our current or potential competitors, our business, financial condition and results of operations could be materially and negatively affected.

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If the market for our products, services and solutions fails to grow as we expect, or if our users or potential users fail to adopt our products, services and solutions, our business, operating results, and financial condition could be adversely affected.

It is difficult to predict user adoption rates and demand for our products, services and solutions, the entry of competitive products, services and solutions, or the future growth rate and size of the AI infrastructure software industry. Although the demand for data management, machine learning, analytics platforms and applications has been growing in recent years, the market for these platforms and applications continues to evolve. We cannot be sure that the AI infrastructure software industry in China demand will continue to grow or, even if it does grow, that businesses will adopt our products, services and solutions. Our future success will depend in large part on our ability to further penetrate the markets where we operate. Our ability to further penetrate such markets depends on a number of factors, including the cost, performance and perceived value associated with our products, services and solutions, as well as users’ willingness to adopt our products, services and solutions. We have spent, and intend to keep spending, considerable resources to educate potential users about AI in general and our products, services and solutions in particular. However, we cannot be sure that these expenditures will help our products, services and solutions achieve any additional market acceptance. Furthermore, potential users may be unwilling to invest in novel products, services and solutions. If the market fails to grow or grows slower than we expect or enterprises fail to adopt our products, services and solutions, our business, operating results and financial condition could be adversely affected.

If we fail to continuously develop and innovate our products, services and solutions to meet users’ evolving needs, our business, financial condition and results of operations may be materially and adversely affected.

Our business growth relies on our ability to retain existing customers, attract new customers, and increase sales to both new and existing customers, which depends essentially on our ability to provide advanced products, services and solutions that meet enterprise-level users’ evolving needs at competitive prices and our continuous improvement and enhancement of the functionality, performance, reliability, design, security and adaptability of our products, services and solutions. However, we may experience difficulties in developing new technologies as it is costly and time-consuming, which in turn could delay or prevent the development, enhancement, introduction or implementation of any new products, services and solutions. Specifically, in order to enhance the performance of our products, services and solutions and improve our AI technological capabilities in the future, we may need to improve our algorithm, data processing efficiency, and real-time responsiveness from time to time as we grow, and may therefore be in need of additional infrastructure, facilities and equipment to support such improvements through capital expenditures or procurement of third-party services. However, we may not always be able to identify such infrastructure, facilities or equipment at acceptable prices and in a timely manner, or at all. If we are unable to do so, our computing power expansion plans could suffer, which would negatively impact our business operations and prospects. Even if we are able to identify such infrastructure, facilities and equipment, it may put a strain on our financial resources and divert the attention of our management. As we have been and will continue expanding our customer base and diversifying end-customer industries that we cover, to the extent we are not able to provide products, services and solutions that meet users’ requirements, or we are not able to improve and enhance the functionality, performance, reliability, design, security and adaptability of our products, services and solutions in a manner that responds to users’ evolving needs, our existing customers may not spend more on our products, services and solutions and we may not be able to attract new customers. As a result, our business, financial condition and results of operations may be materially and adversely affected.

If our expansion into new verticals is not successful, our business, prospects and growth momentum may be materially and adversely affected.

Leveraging our leading position in the AI infrastructure software market and our core technologies, we are able to provide innovative AI-empowered products, services and solutions to address diversified needs of our users across different verticals. We have a track record of successfully expanding into new verticals. We cannot assure you, however, that we will be able to maintain this momentum in the future. Expanding into new verticals involves new risks and challenges. Unfamiliarity with new verticals may make it more difficult for us to keep pace with evolving user 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 vertical as well as their deeper industry insight and greater brand recognition. We could be subject to additional regulatory

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restrictions that are relevant to these businesses. Expansion into any new vertical may place significant strain on our management and resources, and failure to expand successfully could have a material adverse effect on our business and prospects.

We may not implement our development strategies or manage our growth effectively.

Our future success depends, to a large extent, on our ability to implement our future plans. We intend to, among other things, drive full-stack technology upgrades through “AI × Data” to strengthen our leadership in AI infrastructure software market, expand and enrich product and solution offerings to drive market share growth, expand customer base, deepen strategic partnerships, and strengthen market presence, expand global footprint and increase international market penetration, and pursue selective strategic investments and acquisitions to strengthen market leadership. See “Business — Development Strategies” and “Future Plans and Use of [REDACTED]” for details. However, our ability to grow and implement our future plans will be subject to a wide range of operational and financial requirements, including, among others, appropriate allocation of capital investments in implementing various plans and adequate human resources. Continuous expansion may increase the complexity of our business, and we may encounter various difficulties. Our failure to implement our growth strategies or manage our growth effectively may hinder our ability to capture new business opportunities and maintain our competitive edge, and therefore, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO OUR FINANCIALS

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.

Our revenue fluctuated during the Track Record Period. Our total revenue decreased by 24.4% RMB490.5 million in 2023 to RMB370.8 million in 2024, and increased by 20.6% to RMB447.1 million in 2025. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth rates may decline for a number of reasons, including China’s overall economic growth, the ongoing digitalization of China’s economy, technology development of the AI infrastructure software industry, accumulation of AI experts in China, awareness of enterprises to deploy AI applications, our investment in technology innovation and our products, services and solutions, our ability to attract and retain our users, our ability to create value for users with our innovative enterprise AI products, services and solutions, our ability to manage our costs and enhance operating leverage. 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, services and solutions 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.

Certain aspects of our business are project-based and its non-recurring nature may result in fluctuations in our revenue and operating results.

While the majority of our revenue is derived from the sale and licensing of standardized software products, a portion of our business involves project-based transactions, such as customized solution projects and technical service engagements. The timing of revenue recognition from such projects depends on factors such as contract signing, project implementation progress and customer acceptance. As these factors may vary among projects and reporting periods, the contribution of project-based revenue may fluctuate over time. In addition, some project-based transactions are non-recurring in nature and depend on specific customer procurement schedules, budgets or technology requirements. Delays in project implementation, changes in customer priorities or postponements of new projects may result in uneven revenue recognition and affect our short-term financial performance. As a result, our revenue and results of operations may experience fluctuations from period to period, and historical performance may not be indicative of future results.

We experienced losses during the Track Record Period, which makes it difficult to evaluate our current business and predict our future performance.

We had a loss from operations of RMB289.2 million, RMB344.3 million and RMB245.2 million in 2023, 2024 and 2025, respectively. We anticipate that our cost of sales and operating expenses will further increase in the foreseeable future as we continue to grow our business, expand geographically, invest and innovate our technology infrastructure, and further broaden our product and solution offerings. Our revenue, expenses and profitability may vary from period to period due to various factors beyond our control, including the general economic growth, development of AI infrastructure software industry, changes in laws, regulations and rules applicable to us, the

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expansion and performances of our existing business, our ability to control cost, competitive landscape and customer preference. As such, it is difficult to evaluate our current business and predict our future performance. Our ability to create, design, develop, manufacture, and deliver our products, services and solutions of high quality on schedule and on a large scale is subject to uncertainty, which may make it more difficult for us to forecast and plan for our capital requirements. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance. If we are unable to manage our growth or execute our business strategies effectively, our results of operations and business prospects may be materially and adversely affected.

We are investing heavily in our R&D, and such investment may negatively impact our profitability in the short term and may not generate the results we expect to achieve.

Our technological capabilities and infrastructure are critical to our success. We have been investing heavily in our R&D efforts. Our R&D expenses amounted to RMB223.1 million, RMB227.3 million and RMB204.1 million, representing 45.5%, 61.3% and 45.6% of our total revenues in 2023, 2024 and 2025, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in R&D to lead technological advancement in order to make our products, services and solutions innovative and competitive in the market. As a result, we expect that our R&D expenses will continue to increase in absolute amount. We have incurred losses in the past and may not be able to achieve or subsequently maintain profitability, partially due to the significant investment in R&D. Furthermore, R&D activities are inherently uncertain, and we might encounter practical difficulties in commercializing our R&D results. Our significant R&D expenses may not generate corresponding benefits.

In addition, during the Track Record Period, we capitalized R&D expenditures that met the relevant criteria for recognition as intangible assets, including the technical feasibility and the likelihood of generating future economic benefits. If the associated projects are successfully commercialized, such expenditures are amortized over the useful life of the resulting intangible assets, which may reduce our future profits. If the projects fail or the assets are not recoverable, we may incur impairment losses, which could adversely affect our financial performance.

If we are not able to control our staff costs in an effective manner, our business, financial condition and results of operations may be adversely affected.

There has been inflation and increased labor costs in China, particularly in large cities such as Shanghai. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing provident fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Any labor shortage or attrition may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. In addition, average wages in China are expected to continue to rise, which we anticipate will have an upward pressure on our labor costs and employee salaries and benefits, which in turn will negatively affect our profit margins. Any failure to attract qualified employees at reasonable cost and in a timely manner, and any future disputes with our employees may materially and adversely affect our business, financial condition and results of operations.

Our results of operations are subject to fluctuations due to the seasonality of our business.

Our results of operations historically have been seasonal because our end customers engaging in finance, government, telecommunications, energy, and manufacturing fields typically adhere to strict budget management systems. We typically provide our products, services and solutions on a project-by-project basis, with delivery and acceptance of these projects typically occurring in the fourth quarters. Therefore, we typically generate a significant portion of revenue in the third and fourth quarter of a particular calendar year, while our expenses are relatively evenly distributed throughout the calendar year, the profitability of the first three quarters may differ significantly from the full-year profitability.

In addition, our operating costs may increase in future periods as we continue to invest in product development, expand our production capacity, strengthen our sales and marketing efforts, and scale up our administrative functions to support business growth. Many of these expenses are incurred based on projected business volume and may not be in line with the actual revenue increase. As a result, period-to-period comparisons of our results of operations may not be indicative of our future performance. Our financial condition and results of operations could be materially and adversely affected if we fail to align our cost structure or resource planning with actual customer demand.

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We had net operating cash outflows during the Track Record Period.

We recorded net cash outflows from operating activities in 2023, 2024 and 2025, respectively, reflecting our substantial investment in R&D, and working capital requirements. Our ability to generate positive operating cash flow in the future depends on a variety of factors, including our revenue growth, product and solution pricing, trade receivables turnover, and the overall macroeconomic environment. Our liquidity and cash flow may also be affected by fluctuations in our collection of receivables, the timing and scale of customer orders, changes in payment cycles with suppliers, and debt repayment obligations. If we are unable to manage these factors effectively, or if our operations fail to achieve sustained profitability and positive cash flow, we may need to obtain additional funding through equity, equity-linked or debt financing. There can be no assurance, however, that such financing will be available on terms favorable to us, or at all. If we are unable to manage our cash flow or secure adequate financing, our business, financial condition and results of operations may be materially and adversely affected.

We may be exposed to credit risk arising from our trade and bills receivables and timing differences between receipts and payments may lead to cashflow mismatches.

During the Track Record Period, our trade and bills receivables primarily represent receivables from customers for sales of our products, services and solutions. As of December 31, 2023, 2024 and 2025, our trade and bills receivables (less allowance for credit losses) amounted to RMB377.4 million, RMB337.4 million and RMB265.4 million, respectively. The credit period granted to our customers was generally 30 days to one year. The relatively long receivable turnover days primarily reflect the milestone-based procurement, inspection and acceptance procedures of our major customers, including large enterprises and government institutions, as well as the seasonality of our business, in which a substantial portion of our revenue is recognized in the fourth quarter following customer acceptance. These characteristics may result in timing differences between billing, acceptance and collection.

In contrast, a significant portion of our cost of sales comprises staff costs that are settled monthly, resulting in shorter trade payable turnover days and potential cashflow mismatches. As a result, our operating cashflow may fluctuate from period to period, and we may experience temporary working capital pressure. Failure to collect our trade and bills receivables in a timely manner or at all, or a material deterioration in customers’ payment performance, could adversely affect our working capital, liquidity, financial condition and results of operations. See “Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Trade and Bills Receivables” in this document.

We are exposed to changes in the fair value of our financial assets, especially with respect to fair value measurements for certain of our financial assets that involve the use of unobservable inputs.

Our results of operations are affected by changes in the fair value of our financial assets. As of December 31, 2023, 2024 and 2025, our financial assets at FVTPL were RMB607.2 million, RMB91.7 million, and RMB93.9 million, respectively. In 2023, 2024 and 2025, the amount of gain on changes in fair value of financial assets at FVTPL recognized was RMB25.8 million, RMB13.7 million and RMB9.1 million, respectively. There can be no assurance that we will recognize fair value gains from financial assets in the future. Furthermore, our financial assets include structured deposits and investment in a money market fund, which were issued by licensed financial institutions with unguaranteed return of principal. As such, we are subject to credit risk arising from such structured deposits and investment in a money market fund. Fair value measurements for unlisted fund investments are categorized into Level 3, which involve the use of unobservable inputs. As a result, Level 3 fair value measurements require us to apply significant estimates and assumptions with respect to the relevant financial assets.

If we cannot fulfill our obligations in respect of contract liabilities, the amount of fee collecting from customers and our liquidity position may be adversely impacted.

As of December 31, 2023, 2024 and 2025, we had contract liabilities of RMB38.5 million, RMB62.6 million and RMB57.3 million, respectively. Our contract liabilities mainly arise from the advance payments made by customers while the underlying products and/or solutions are yet to be provided. If we cannot fulfill our obligations under these contracts, the amount of fee collecting from customers and our liquidity position may be adversely impacted.

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Grants of share-based awards under our stock incentive plans may increase our share-based compensation expenses and negatively impact our future profitability.

We have established various employee shareholding platforms and share incentive plans to grant awards to our employees and other designated persons for the purpose of attracting and retaining suitable personnel to enhance our development. For details, please refer to “History, Development and Corporate Structure — Employee Incentive Schemes,” “Appendix VI — Statutory and General Information — D. 2023 Share Incentive Scheme” and Note 36 to the Accountants’ Report as set out in Appendix I to this document. We incurred share-based payment expenses of RMB20.3 million, reversal of RMB1.1 million, and nil in 2023, 2024 and 2025, respectively. We believe share-based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share-based compensation to employees in the future. As a result, our share-based payment expenses may increase, which may have an adverse effect on our results of operations and financial condition and dilute your shareholding.

Preferential tax treatment and government grants currently available to us in the PRC could be discontinued or reduced.

Our Company and certain of our subsidiaries operating in PRC were qualified as high and new technology enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. Furthermore, we were entitled to claim R&D expenses incurred as tax deductible expenses when determining our assessable profits during the Track Record Period. In addition, pursuant to relevant laws and regulations in the PRC, several subsidiaries are eligible as a small low-profit enterprise and benefit from a preferential tax rate of 20% under the EIT Law. We cannot assure you that we will continue to qualify for such preferential tax treatments and government grants, or that the policies providing for the preferential tax treatments and government grants will continue to be effective. If we fail to provide requisite materials retained for future reference, we will not be entitled to enjoy the preferential tax treatments, as well as other benefits conferred under the accreditations. If we were not entitled to preferential tax treatments in the future, our effective tax rate may increase to 25%, and our income tax expense would increase accordingly, which will adversely affect our net profit.

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

As part of our business strategy, we may pursue investment and acquisition opportunities to enhance our market position, which involve inherent risks and uncertainties. These include challenges in integrating acquired businesses, personnel, technologies and operations; potential deficiencies in internal controls, financial reporting or compliance of target companies; diversion of management attention and disruption to our existing operations; loss of key employees or customer relationships; limited control over minority investments; exposure to new regulatory and compliance requirements, including anti-monopoly and competition laws; potential liabilities, including undisclosed or historical misconduct of acquired entities; costs associated with identifying, executing and financing such transactions, including the use of cash or dilutive equity issuances; and uncertainties in achieving anticipated synergies or growth. In addition, proposed transactions may not be completed as expected. Any of these factors could adversely affect our business, reputation, financial condition and results of operations.

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our business operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including [REDACTED] in this [REDACTED], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

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Our business depends substantially on continuing efforts of our senior management and other key personnel, as well as a competent pool of talents who support our existing operations and future growth. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.

Our future success depends heavily on continuing efforts of our senior management, many of whom are difficult to replace. In particular, we rely on the expertise, experience and vision of our senior management, as well as other members of our senior management team. We normally enter into a non-fixed term employment contract with our senior management members. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

Additionally, our future success also depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top-notch R&D team to develop our advanced technologies, products, services and solutions, and our experienced sales personnel to maintain relationships with our customers. In order to compete for talents, we may need to offer higher compensation, better training and more attractive career opportunities and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

Our employees or other third parties may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud, contractual breach, other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, bribery of foreign government officials, import-export controls, lobbying or similar activities, and any other applicable laws or regulations, and the breach of any contractual obligations. The policies, procedures and controls we implemented to prevent and detect these activities may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, reputation and results of operations.

Disruptions or failures in our information technology systems could adversely affect our operations.

We rely on our information technology systems to support key business functions, including product R&D and internal operations. Any system failure, security breach, data loss, or operational disruption could impair our ability to deliver products on time, manage resources efficiently, or support customer needs. As we continue to grow, we may need to upgrade or expand our IT infrastructure, and there is no assurance that such upgrades will be completed on time or without disruption. If we fail to maintain stable, secure, and efficient IT systems, our business operations, financial condition, and results of operations could be materially and adversely affected.

Our business operations could be harmed by real or perceived material defects or errors in our products, services and solutions.

The technology underlying our AI products, services and solutions is inherently complex and may contain material defects or errors, particularly when new products, services and solutions are first introduced, when new features or capabilities are released or when integrated with new or updated third-party hardware or software. There can be no assurance that our existing AI products, services and solutions will not contain defects or errors. Any real or perceived errors, failures, vulnerabilities, or bugs in our AI products, services and solutions could result in negative publicity

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or lead to performance issues, all of which could harm our business. 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 are subject to cybersecurity and system security risks that could adversely affect our operations.

We rely on various internal systems to support our business, including systems used in product development and operations. Any cybersecurity incident, such as unauthorized access, data breach, system failure, or malicious attack, could disrupt our operations, compromise our proprietary information or trade secrets, and result in financial loss or reputational harm. Cybersecurity threats continue to evolve and may not be fully preventable. If our systems or those of our suppliers or vendors are compromised, our ability to manufacture, deliver, or support our products could be adversely affected. Any significant cyber incident could materially impact our business, results of operations, and financial condition.

If we are unable to manage the risks related to our expansion in international markets, which involves various technical and regulatory risks and uncertainties, our business, financial results and prospects may be adversely impacted.

As we expand overseas, we may need to devote significant resources and management attention and face risks different from those in the PRC, including the need to localize our products and services, challenges in establishing and managing foreign operations, longer sales and collection cycles, and difficulties in commercializing our offerings in unfamiliar markets with limited infrastructure. We may also encounter intensified competition, economic and political uncertainties, foreign exchange fluctuations, and compliance challenges arising from complex and evolving legal and regulatory regimes, including those relating to data protection, employment, tax and telecommunications, as well as potential difficulties in obtaining required licenses and protecting or enforcing our intellectual property rights. In addition, we may face increased operational and financial reporting complexities. If we fail to manage these risks effectively, our international expansion efforts may not succeed or achieve profitability, which could materially and adversely affect our business, financial condition and prospects.

Our sales cycles can be lengthy and unpredictable, and our sales efforts require considerable time and expense.

Due to the complexity of the AI products, services and solutions we offer and the nature of our target customers, our sales process typically involves multiple stages, including user engagement, project evaluation and design, proof of concept and contract negotiation, often requiring significant time, effort and upfront costs. This is particularly the case for large enterprises and public institutions, which generally have more complex requirements, longer decision-making and procurement processes, and greater bargaining power, and may initially adopt our offerings on a limited basis without assurance of broader deployment. In addition, our sales efforts often involve educating potential customers and competing with alternative solutions, further extending the sales cycle. As a result, the timing and likelihood of converting opportunities into revenue are uncertain, and we may incur substantial costs without generating corresponding sales, which could materially and adversely affect our business, financial condition and results of operations.

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

We engage third parties in our business operations. We procure certain software and hardware components from third party vendors. We collaborate with third parties to conduct certain R&D projects and procure deployment services from third party vendors. Such arrangements may reduce our direct control over the quality, development and deployment of our products and solutions. We may experience operational difficulties with our third party vendors, including reductions in the availability of production capacity, failures to comply with product specifications, insufficient quality control and failures to meet deployment schedules. Our third party vendors may experience disruptions in their operations due to equipment breakdowns, labor strikes or shortages, natural disasters, material shortages, cost increases, environmental noncompliance issues or other similar problems. In addition, we may not be able to renew contracts with our third party vendors or identify substitute partners. Furthermore, we rely on third-party channel partners for marketing, branding and sales of our products, services and solutions, supplementing the efforts of our internal sales and marketing team. Any failure of our third party business partners to perform their responsibilities or to be in compliance with all applicable laws and regulations may have a material negative impact on our business.

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Our use of open-source software could impose limitations on our business operations, and certain software we use leverages open-source codes, which, under certain circumstances, may lead to unintended consequences and, therefore, could materially and adversely affect our business, results of operations and financial condition.

We incorporate open-source components into certain of our technologies and may continue to do so, which exposes us to risks associated with the interpretation and enforcement of open-source license terms. In particular, we may face claims alleging non-compliance with such licenses, which could require us to disclose our source code, obtain additional licenses, re-engineer our software or discontinue certain offerings, and may also result in disputes or litigation. In addition, as open-source software can be freely modified and used by third parties, including competitors, it may reduce the differentiation or competitiveness of our products and increase development costs. If we are unable to effectively manage these risks, our business, results of operations and financial condition could be materially and adversely affected.

Rumors or negative publicity involving our Company, our products, services and solutions, our management, our customers, our business partners or our industry in general may materially and adversely affect our reputation, business, results of operations and growth prospects.

Negative publicity involving our industry, our Company, our products, services and solutions, our management, our customers or our business partners in the future may also materially and adversely harm our business and reputation. Although we made efforts to strengthen our responsiveness to negative publicity events, we cannot preclude media reports of a similar nature or similar allegations from other parties from being made in the future, nor can we assure you that we will be able to defuse such negative publicity to the satisfaction of our investors, customers and business partners or prevent related misconception and other damages caused by such reports. We may have to incur significant expenses and divert our management’s time and attention in order to remedy the effects of these negative reports or allegations, which may materially and adversely affect our results of operations.

Any failure to offer high-quality maintenance services and technical support may harm our relationships with our customers and/or end users and thus materially and adversely affect our business and results of operations.

Our ability to retain and expand our customer base depends not only on the performance of our products, services and solutions but also on our ability to deliver effective and scalable after-sales support. As our business grows, we may incur increased costs in maintaining service quality, face challenges in recruiting and retaining qualified support personnel, or be unable to respond promptly to rising or fluctuating demand. In addition, changes to our service policies or failure to align our support offerings with customer expectations or competitive standards may lead to customer dissatisfaction, reduced margins, or loss of business opportunities. Any negative customer experience or related publicity could further impair our reputation and ability to attract or retain customers, which could materially and adversely affect our business and results of operations.

Our brands are integral to our success. If we fail to effectively maintain, promote and enhance our brands, our business and competitive advantages may be harmed.

Our brands are integral to our success, and any failure to effectively maintain, promote or enhance our key brands, including “Transwarp” and “Transwarp Technology,” could harm our business and competitive position. Our ability to strengthen brand recognition depends on our continued delivery of high-quality, reliable and innovative AI products, services and solutions, as well as the effectiveness of our marketing and sales efforts, including through direct sales, channel partners and customer referrals. As competition intensifies, we may incur significant marketing and promotional expenses without assurance that such efforts will generate sufficient returns or enhance our brand value. If we are unable to sustain or improve the recognition and reputation of our brands, our ability to attract and retain customers may be adversely affected, which could materially and adversely impact our business and results of operations.

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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, we may become less competitive and our results of operations may be harmed.

Our products may be integrated with a variety of hardware and software platforms and software applications, and we need to modify and enhance our 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 results of operations and financial condition would be harmed.

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

We lease properties for our offices and R&D facilities. There is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. For instance, with respect to one of our leased properties in the PRC, the lessor of such property failed to provide us with sufficient or valid ownership certificates, which may impact our use of the properties especially upon the expiration of the lease. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, interruptions by man-made problems or other events beyond our control that may jeopardize the outcome of our operations.

Our business is subject to risks from natural disasters, such as earthquakes, fires, floods and pandemics, as well as man-made events, including power outages, network security breaches, computer viruses, terrorism or other disruptions beyond our control, any of which could materially and adversely affect our operations, financial condition and results of operations. Such events may disrupt our facilities, information technology systems or communications, or those of our customers and suppliers, leading to interruptions in our operations, delays in research and development, or reduced ability of customers to use our products, services and solutions. In addition, large-scale disruptions could negatively impact broader economic conditions, further affecting our business. Any significant interruption to our systems or operations could result in operational delays, reputational harm and financial losses, which could materially and adversely affect our business and results of operations.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We do not maintain certain types of insurance, including business interruption and product liability insurance, and may not be able to obtain such coverage on commercially reasonable terms. As a result, we may be exposed to risks arising from business disruptions, defects or failures in our products or services, or other liabilities for which we are uninsured or underinsured. Any such claims, whether or not meritorious, could harm our reputation, disrupt our operations, reduce customer confidence and require us to use our own funds to satisfy liabilities, which could adversely affect our business and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products, services and solutions and such efforts to defend and protect our intellectual property may be costly.

The success of our products and our business depends in part on our ability to obtain patents and other intellectual property rights and maintain adequate legal protection for our products in the PRC and other jurisdictions. We rely on a combination of patent, service mark, trademark, copyright and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, and yet all of which provide only limited protection.

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We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents primarily in the jurisdiction of the PRC, but such protections may not be available in all countries in which we operate, or seek to operate, or in which we seek to enforce our intellectual property rights. Our currently issued patents and any patents that may be issued or registered in the future may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. The confidentiality procedures and contractual restrictions implemented by us may not be sufficient or effective. Moreover, others may independently develop technologies that are competitive to us or infringe our intellectual property.

Protecting against the unauthorized use of our intellectual property and other proprietary technology is expensive and difficult, particularly internationally. Our patents and proprietary technologies are the foundations of our proprietary products, services and solutions and we intend to capitalize on our industry-leading patent portfolio as we continue to grow. Unauthorized parties may attempt to copy or reverse engineer our technologies or certain aspects of our products, services and solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our products, services and solutions, to determine the validity and scope of the proprietary rights of others or to block infringing products in the PRC. Any such litigation, whether initiated by us or a third party, could result in substantial costs and diversion of management resources, either of which could adversely affect our business, operating results and financial condition. Even if we obtain favorable outcomes in litigation, we may not be able to obtain adequate remedies.

Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected.

From time to time, we may be subject to intellectual property disputes or litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims and other assertions against us grows. Additionally, competitors in our industry and companies outside our industry also hold large numbers of patents that cover aspects of our products, which may increase our exposure to litigation based on allegations of patent infringement or other violations of intellectual property rights.

We may from time to time in the future become, a party to litigation and disputes related to intellectual property, our business practices, and our products. Even if we prevail in any litigation or enforcement proceeding against us, we could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage our reputation or raise concerns among our clients, we may feel compelled to settle claims at a significant cost. Furthermore, the results of any such litigation, investigations and legal proceedings are inherently unpredictable and may be costly. Therefore, any claims against us, whether meritorious or not, could be time-consuming, costly, and harmful to our reputation, and could divert management's attention and require significant amounts of corporate resources. Moreover, we have pledged and may further pledge some of our intellectual properties to third parties as collateral to secure our obligations under certain loan agreements, which may limit our ability to use or dispose of such intellectual properties. If we fail to fulfill our obligations under such agreements, the pledgee has right to dispose of such intellectual property we own. In such circumstances, our ownership of the pledged intellectual property may be affected.

Trademarks registered, internet search engine keywords purchased and domain names registered by third parties that are similar to our trademarks, brands or websites could cause confusion to our customers, divert customers away from our products, services and solutions or harm our reputation.

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert potential customers from our platforms to theirs. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from our platforms, which could harm our reputation and materially and adversely affect our results of operations.

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RISKS RELATING TO GENERAL ECONOMIC CONDITION

Adverse conditions in the AI infrastructure software industry or the global economy could have adverse effects on our results of operations.

While we make our strategic plans based on the assumption that the markets we are targeting will grow, our business is dependent in large part on, and directly affected by, business cycles and other factors affecting the global AI infrastructure software industry and global economy. In addition, the sales of our products, services and solutions can be affected by the ability of our customers to continue operating in response to challenging economic conditions, labor relations issues, regulatory requirements, trade agreements and other factors. Any significant adverse change in any of these factors may result in a reduction in the sales of our products, services and solutions and could have a material adverse effect on our business, results of operations and financial condition.

Downturns or volatility in general economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our sales and profitability depend significantly on the general economic conditions and the demand for our products, services and solutions, such as AI infrastructure software, in the markets in which our customers compete. Weaknesses in the economy and financial markets can lead to lower demand in our target industry or markets. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect the demand of the customers for our products, services and solutions, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. Any adverse changes in economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products, services and solutions. In addition, financial difficulties experienced by our suppliers could result in product delays, increased breaches of contracts and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

RISKS RELATING TO OUR LEGAL COMPLIANCE

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. For more information, see “Business — Licenses and Permits.” Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors are relatively new and continuously evolving. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Changes in AI infrastructure software related regulations may cast significant uncertainties on our operations and financial prospects.

The AI infrastructure software industry in China is evolving and we may experience strengthened regulatory environment along with rapid industry evolution. Our business may be subject to extensive regulation governing the industry. Government authorities in the PRC may

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continue to issue new laws, rules and regulations governing the industry in which we operate in the PRC. See “Regulatory Overview — Regulations on Artificial Intelligence Services” for more information. We have completed the filing formalities of algorithms for our products, services and solutions with relevant PRC authorities and the security assessment for our products, services and solutions in accordance with the Measures on Generative AI Services. Nevertheless, there can be no assurance that the PRC government authorities will not require us to change or deregistration formalities of algorithms for other reasons. The interpretation and implementation of existing measures are evolving and the PRC regulatory agencies, including the CAC, may further adopt new laws, regulations, rules, or detailed implementation and interpretation related to the above-mentioned measures, which may negatively affect us. We cannot assure you that our compliance measures are, and will be, always considered sufficient under applicable laws and regulations. If we are unable to comply with the then applicable laws and regulations, such actual and alleged failure could subject us to significant legal, financial and operational consequences.

While we believe increasing AI infrastructure software standards will present a market opportunity for our products, services and solutions, such regulations are subject to changes based on a number of factors that are out of our control, including new technologies, adverse publicity regarding AI, accidents involving our products, domestic and foreign political situations, and litigation relating to our products, services and solutions and our competitors’ products, services and solutions. Changes in government regulations, as well as changes or evolution in court interpretation of those regulations, especially with respect to the AI infrastructure software industry could adversely affect our business. If government priorities shift and we are unable to adapt to changing regulations or to court interpretations of those regulations, our business may be materially and adversely affected.

We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential users from using our products, services and solutions and subject us to significant legal, financial and operational consequences.

In recent years, government authorities across the world have been increasingly focusing on privacy and data protection. Particularly in China, the substantial base of our business operations, the PRC government has enacted a series of laws and regulations on the protection of personal information in the past few years. We may be subject to laws and regulations regarding privacy and data protection in China and other areas and jurisdictions. In addition, as our users expand their footprints globally, they may leverage our solutions in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our solutions to help them comply with such laws and regulations.

We have adopted various measures to ensure legal compliance. See “Business — Data Privacy and Security” for more information. However, the laws and regulations regarding privacy and data protection in China, as well as in other jurisdictions, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential users from using our solutions and could subject us to significant legal, financial and operational consequences.

On December 28, 2021, the CAC, and 12 other relevant PRC government authorities published the amended Cybersecurity Review Measures, which became effective on February 15, 2022. See “Regulatory Overview — Laws and Regulations on Cybersecurity, Data Security and Privacy — Laws and Regulations on Cybersecurity” for more information. As of the Latest Practicable Date, we have not received any notification determining the Company or its PRC Subsidiaries as “critical information infrastructure operator” from the relevant supervisory authorities. Since we are not applying for a foreign listing, we are also not required to initiate a submission for cybersecurity review in connection with the [REDACTED] under the Article 7 of the Cybersecurity Review Measures. However, we cannot guarantee whether we will be subject to the cybersecurity review in the future and we may be subject to additional compliance requirements. In addition, it is possible that we may become subject to additional or new laws and regulations in this regard, particularly to cybersecurity and protection laws in other jurisdiction if we extend our business outside of the PRC in the future, which may result in additional expenses to us and subject us to potential liability and negative publicity. There can be no assurance if we are required to

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follow the cybersecurity review procedures, and if so, whether we would be able to complete the applicable cybersecurity review procedures in a timely manner. In addition, any failure or delay in the completion of the cybersecurity review procedures or any other noncompliance or perceived noncompliance with the Cybersecurity Law or related regulations may prevent us from using or providing certain network solutions and services, and may result in fines or other penalties such as making certain required rectification, suspending our related business, closing our website or taking down our operations and reputational damages or proceedings or actions against us by PRC regulatory authorities, customers or others, which may have a material adverse effect on our business, operation or financial conditions.

On September 30, 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the “**Data Security Regulations**”), which provides that network data processors conduct network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. The Data Security Regulations provide no further explanation or interpretation as to how to determine what constitutes “affecting national security.” As such, there remain uncertainties of interpretation, application and enforcement of the evolving relevant laws and regulations, and future regulatory changes may impose additional restrictions. These and other similar legal and regulatory developments could lead to legal and economic uncertainties, affect how we design our IT systems, how we operate our business, how we and our business partners process data, which could negatively impact demand for our solutions.

We may incur substantial costs to comply with such laws and regulations, to meet the demands of our users relating to their own compliance with applicable laws and regulations and to establish and maintain internal compliance policies.

We may be subject to the risks associated with international trade policies, export controls and economic sanctions, geopolitics and trade protection measures such as unreasonable tariff arrangements.

We may be subject to risks associated with international trade regulations and geopolitical developments. For example, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, sanctions, and export controls and other restrictive measures targeting high-technology goods, including in the industry in which we operate. These policies have introduced uncertainties to global supply chains, limited access to critical raw materials and components, and increased production and compliance costs for companies operating in affected industries.

The U.S. and other jurisdictions or organizations, including the EU and the UN, through executive orders, legislations or other governmental means, have implemented measures that impose economic sanctions targeting certain countries or regions or specific industry sectors, groups of companies or persons and/or organizations within such countries or regions. During the Track Record Period, the Group did not sell any item that is subject to the U.S. export control. That said, U.S. export controls targeting China continue to escalate due to rising geopolitical tensions. For example, the U.S. has recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals onto its “Entity List” and other sanctioned and restricted party lists that limit their access to certain U.S.-origin goods, software, and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, and foreign direct products of certain U.S.-origin software, technologies or equipment. As such, we may face increasing risks and compliance costs with regard to U.S. export controls.

We will comply with applicable laws in the jurisdictions where we have operations. However, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Furthermore, 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. Our business and reputation could be adversely affected if the authorities of U.S., the EU, and/or any other jurisdiction or regions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanction designation of our Group. Non-compliance with international sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations. We cannot assure you that investors who are subject to the jurisdictions of the US, the EU, and/or other jurisdictions will be willing to make investments, or may divest their investment, in us, which may have an adverse impact on the [REDACTED] and the future prevailing [REDACTED] of our [REDACTED]. In

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addition, if any of our customers, end users or suppliers becomes subject to international sanctions in the future, we may have to discontinue our business with such customers, end users or suppliers to avoid potential risks. In such events, our financial results may be materially and adversely affected.

We are not deemed a covered foreign person because our Group does not engage in any covered activity under the Outbound Investment Rule. See “Business — U.S. Outbound Investment Regulations.” We believe that the purchase of shares through the [REDACTED] would not be a prohibited transaction or a notifiable transaction under the Final Rule. However, the rules and regulations regarding U.S. outbound investment may be subject to further development. There are thus uncertainties under the Outbound Investment Rule, and we cannot assure you that the U.S. Department of Treasury will not take a different view from us and treat an equity investment in our [REDACTED] by a U.S. person as prohibited or notifiable. In addition, we cannot predict how the Outbound Investment Rule will be enforced, neither can we guarantee that there will not be a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce US investors’ interest in our equity securities. In such a case, the [REDACTED], the future prevailing [REDACTED] and the [REDACTED] of our H shares may be adversely affected. It could also be detrimental to our business, financial condition and prospects.

Furthermore, recent U.S.-China trade tensions and unfavorable tariff arrangements have also led to the introduction of unreasonably high tariffs on all goods trading between the two countries. While the U.S. and China reached an agreement to temporarily suspend some tariffs imposed upon each other since April 2, 2025, there is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be being subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

Furthermore, our business and results of operations are affected by our ability to execute our globalization strategy, which primarily involves expanding into new international markets. Operating internationally subjects us to additional risks and challenges such as:

- limited brand recognition globally (compared with our presence in the PRC);
- costs and expenses in connection with global expansion, including recruitment of local personnel and lease or establishment of new premise or lab;
- ability to anticipate international consumers’ and collaborators’ needs and preferences;
- burdens of complying with a wide variety of local laws and regulations;
- wars, political and economic instability, including trade tensions; and
- technological and trade restrictions.

Our international expansion plans will place increased demands on our operational, managerial and administrative resources. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business accordingly to comply with local laws. Non-compliance may subject us to sanctions by regulatory authorities, to monetary penalties, or to restrictions on our activities or revocation of our licenses, which may result in a material adverse effect on our business, financial condition and results of operations in the relevant overseas market. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our

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

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

To identify, manage, and mitigate ESG 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 no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations 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. See “Business — Environmental, Social and Governance Matters.” During our business operations, especially the manufacturing process, we also face various compliance risks relating to environment protection, project management, work safety, fire safety, among others. Failure to comply with the applicable PRC laws and regulations may result in administrative penalties, which may materially and adversely affect our results of operations and financial conditions. 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, services and solutions from other companies, which may materially and adversely affect our results of operations and financial conditions.

We are subject to strict regulatory requirements in labor-related laws and regulations of the PRC.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and was amended in December 2012 and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. We believe our current practice complies with the Labor Contract Law and its amendments. However, the relevant governmental authorities may take a different view and impose fines on us. We also procure that subsidiaries we acquired comply with applicable labor-related laws and regulations. Failure to do so may result in fines or other penalties by government authorities.

As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practice could inadvertently violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

We are, and may in the future be, subject to legal and regulatory proceedings and/or investigations in the ordinary course of our business.

From time to time, we may face litigation, regulatory proceedings and government investigations which may be brought against us by customers, end-users, competitors, governmental entities conducting civil, regulatory or criminal investigations, or other parties, and may be brought by us against other parties. These claims could be asserted under a variety of laws, including but not limited to product liability laws, intellectual property laws, labor and employment laws, securities laws, tort laws, contract laws and property laws. There is no guarantee of our success in

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enforcing our rights under the relevant business or other agreements or arrangements which may involve multiple parties and/or jurisdictions, in asserting our rights thereunder or under applicable laws and regulations, or in defending against these legal and regulatory proceedings or investigations. Even if we succeed in our defense or asserting our rights, the process can be expensive, time-consuming, and may not yield the desired outcome. Legal and regulatory proceedings can also expose us to negative publicity, substantial financial damages, legal defense expenses, injunctive orders, and criminal, civil and administrative fines and penalties.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Our business is affected by the changes in the economic, political or social conditions or government policies of the PRC.

Most of our business, assets and operations are located in the PRC, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in the PRC. Similar to many other countries and regions, the PRC regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. Our business has been and would continue to be affected by the PRC's economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence the PRC's economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

Changes in international trade policies, and in relationships between the PRC and other countries, may adversely impact our business and operating results.

We conduct our business operations primarily in the PRC and overseas are actively tapping into overseas markets. Unfavorable government policies related to international trade, including capital controls or tariffs, or changes in diplomatic relations between China and foreign countries or regions, have the potential to impact the sales of our products. These factors may also affect our ability to recruit engineers and other R&D personnel and influence the import or export of raw materials essential to our international expansion efforts. The implementation of new tariffs, changes in legislation and regulations, or the renegotiation of existing trade agreements could result in a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls, covering, among others and in addition to specific industry-related regulations, the following aspects: (i) consumer protection and product liability; (ii) cybersecurity, data security and protection of personal information; (iii) security laws and regulations; (iv) establishment of or changes in shareholder of foreign investment enterprises; (v) foreign exchange; and (vi) taxes, duties and fees.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others, the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements may change from time to time and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on the fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe

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that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

We are subject to certain PRC regulations for us to pursue growth through acquisitions.

The Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, which amended on June 24, 2022 and became effective on August 1, 2022, and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《關於經營者集中申報標準的規定》) promulgated by the State Council on August 3, 2008, and latest amended on January 22, 2024, require that where a concentration reaches certain thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented. Furthermore, under relevant PRC laws and regulations, we are required to obtain or complete approval, registration, filing and/or other procedural requirements from the MOFCOM, the NDRC, the SAFE and/or their local counterparts or designated banks, with respect to our overseas investments and acquisitions. Any failure to do so or any delay in such process may subject us to suspension of overseas investments or acquisitions, timely rectification, warnings, fines and other legal sanctions, which may adversely affect our business operation.

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

Companies operating in the PRC are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing provident funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. Due to the preference of certain employees to participate in local social insurance and housing provident fund schemes in their place of residency, we used third party agencies to pay social insurance and housing provident fund contribution for a few employees in certain locations where we had no branch or legal entity during the Track Record Period on time and in full. See “Business — Employees” for details.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), if we fail to make social insurance contributions on time and in full, the social insurance administrative department may issue an order requiring us to settle the overdue social insurance amount within a prescribed period, along with a late fee of 0.05% per day on the overdue amount from the date of indebtedness. If payment is not made within the prescribed period, the competent administrative authority may impose a fine ranging from the amount overdue to up to three times that amount. According to the Administration of Housing Provident Fund (《住房公積金管理條例》), if we fail to complete the requested procedures for housing provident fund contributions or fail to set up housing provident fund accounts for our employees, the competent authorities may order us to complete the required procedures within a specified period. If we do not comply within the prescribed timeframe, we may be subject to a fine ranging from RMB10,000 to RMB50,000. Nonetheless, (i) the third-party human resources agent had confirmed that they had made the contributions for our relevant employees in a timely manner pursuant to the applicable laws and regulations in China during the Track Record Period, (ii) there had been no disputes between us, such employees and the third-party human resources agent with regard to such arrangement as of the Latest Practicable Date, and (iii) we had not received any notice of rectification from, or been imposed any administrative penalty by the relevant governmental authorities as a result of such arrangement as of the Latest Practicable Date.

Based on the above, our PRC Legal Advisor is of the view that, if we are able to rectify upon request by the relevant authorities within the specified period, the risk of us being subject to material penalties as a result of paying the social insurance premium and housing provident funds for the relevant employees through the third-party agent is remote. However, we cannot assure you that the competent government authorities will not impose penalty on us. If we are subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

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Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, the PRC has tax treaties or similar arrangements with jurisdictions across the world. Under the Enterprise Income Tax Law of the People’s Republic of The PRC (the “EIT Law”) and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People’s Republic of The PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in the PRC, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your [REDACTED] in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Restrictions on the remittance of Renminbi into and out of the PRC and governmental control over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC’s and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policies goals. Several political and economical factors could result in a significant appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISK FACTORS

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company established under the laws of the PRC and substantially all of our assets are located in China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of PRC and Hong Kong.

As our A Shares are listed on the STAR Market and our [REDACTED] will, subject to the approval by the [REDACTED] of the Hong Kong Stock Exchange, be [REDACTED] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares are listed and traded on the Shanghai Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the STAR Market. Following the [REDACTED], our A Shares will continue to be traded on the STAR Market and our [REDACTED] will, subject to the approval by the [REDACTED] of the Hong Kong Stock Exchange, be [REDACTED] on the Main Board. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] in our H Shares.

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

No [REDACTED] currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of negotiations between our Company and [REDACTED] (for themselves and on behalf of the other [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and [REDACTED], the [REDACTED]. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will rise following the [REDACTED].

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The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could result in substantial losses for [REDACTED] who purchase our H Shares in the [REDACTED]. The [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in [REDACTED] and changes in demand for our products may cause significant and sudden changes to the [REDACTED] and [REDACTED] volume of our H Shares. Furthermore, the [REDACTED] of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the [REDACTED] of our H Shares.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

Potential [REDACTED] will [REDACTED] per H Share in the [REDACTED] that substantially exceeds the [REDACTED] after subtracting our total liabilities as of December 31, 2025. Therefore, purchasers of our H Shares in the [REDACTED] will experience a substantial immediate dilution in [REDACTED] net tangible assets, and our existing Shareholders will receive an increase in the [REDACTED] adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [REDACTED], potential [REDACTED] would receive less than the amount they paid for their H Shares. For more information, see “Appendix II — Unaudited [REDACTED] Financial Information” in this document.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources contained in this document.

Certain facts, statistics and data contained in this document relating to the PRC, Hong Kong and the industries in which we operate have been derived from various official government publications that we generally believe to be reliable. Such information has not been prepared or independently verified by us, the [REDACTED] or any of our or their respective affiliates or advisors, and we cannot guarantee the quality or reliability of such source materials.

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of the PRC and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced with respect to other economies and should not be relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts or statistics.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the STAR Market.

As our A Shares are listed on the STAR Market, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in the H Shares should be reminded that, in making their investment decisions as to whether to [REDACTED] the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] the H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

RISK FACTORS

There is no assurance whether and when we will pay dividends, which is subject to restrictions under PRC law.

No dividend had been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.